Senate

General Assembly

File No. 435

January Session, 2011

Substitute Senate Bill No. 1

Senate, April 7, 2011

The Committee on Energy and Technology reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2011*) (a) There is established a Department of Energy and Environmental Protection, which shall, for the purposes of energy policy and regulation, have the following goals: (1) Reducing rates and decreasing costs for Connecticut's ratepayers, (2) ensuring the reliability and safety of our state's energy supply, (3) increasing the state's use of clean energy, and (4) creating jobs and developing the state's energy related economy. The department head shall be the Commissioner of Energy and Environmental Protection who shall be appointed by the Governor in accordance with the provisions of sections 4-5 to 4-8, inclusive, of the general statutes, as amended by this act, with the powers and duties therein prescribed.

(b) The Department of Energy and Environmental Protection shall constitute a successor department to the Department of Environmental Protection and the Department of Public Utility Control in accordance

with the provisions of sections 4-38d, 4-38e and 4-39 of the general statutes. The Department of Energy and Environmental Protection shall be divided into three bureaus, which shall include the Bureau of Energy, the Bureau of Environmental Protection and the Bureau of Public Utility Control. The bureaus shall further be divided into units or divisions, as the commissioner deems appropriate, which shall include, but not be limited to, the following units or divisions: (1) Energy research, (2) telecommunications and technology policy, and (3) conservation and renewable energy. The Bureau of Energy head shall be the energy bureau chief who shall have a background in energy conservation, generation and renewable energy and shall have no industry conflicts. The Bureau of Public Utility Control shall include a procurement manager whose duties shall include, but not be limited to, overseeing the procurement of electricity for standard service. There shall also be, within the department, an Office of the Ombudsman for the purpose of programmatic oversight. Said ombudsman shall communicate with policymakers, stakeholders and individuals affected by the department's implementation of energy policy. The ombudsman shall make findings and recommendations to the Commissioner of Energy and Environmental Protection who may implement such recommendations as appropriate. Annually, the ombudsman shall report in accordance with the provisions of section 11-4a of the general statutes to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(c) Wherever the words "Commissioner of Environmental Protection" are used or referenced to in the following sections of the general statutes, the words "Commissioner of Energy and Environmental Protection" shall be substituted in lieu thereof: 3-7, 3-100, 4-5, as amended by this act, 4-168, 4a-57, 4a-67d, 4b-15, 4b-15a, 4b-21, 5-238a, 7-121d, 7-131, 7-131a, 7-131d, 7-131e, 7-131f, 7-131g, 7-131i, 7-131*l*, 7-131t, 7-131u, 7-136h, 7-137c, 7-147, 7-151a, 7-151b, 7-245, 7-246, 7-246f, 7-247, 7-249a, 7-323o, 7-374, 7-487, 8-336f, 10-231b, 10-231c, 10-231d, 10-231g, 10-382, 10-388, 10-389, 10-391, 12-81, 12-81r, 12-107d, 12-217mm, 12-263m, 12-407, 12-412, 13a-80i, 13a-94, 13a-142a, 13a-142b, 13a-142e, 13a-175j, 13b-11a, 13b-31c, 13b-31e, 13b-38x, 13b-51, 13b-56,

13b-57, 13b-329, 14-21e, 14-21i, 14-21s, 14-65a, 14-67*l*, 14-80a, 14-100b, 14-164c, 14-164h, 14-164i, 14-164k, 14-164o, 15-11a, 15-121, 15-125, 15-127, 15-130, 15-133a, 15-133c, 15-140a, 15-140c, 15-140d, 15-140e, 15-140f, 15-140j, 15-140o, 15-140u, 15-140v, 15-141, 15-142, 15-143, 15-144, 15-145, 15-149a, 15-149b, 15-150a, 15-151, 15-154, 15-154a, 15-155, 15-155d, 15-156, 15-174, 16-2, 16-11a, 16-19e, 16-19g, 16-50c, 16-50d, 16-50j, 16-245, as amended by this act, 16a-21a, 16a-27, 16a-35h, 16a-38k, 16a-103, 16a-106, 19a-35a, 19a-47, 19a-102a, 19a-330, 19a-341, 21-84b, 22-6c, 22-11h, 22-26cc, 22-81a, 22-91c, 22-350a, 22-358, 22a-1g, 22a-2a, 22a-5b, 22a-5c, 22a-6, 22a-6a, 22a-6b, 22a-6e, 22a-6f, 22a-6g, 22a-6h, 22a-6i, 22a-6j, 22a-6k, 22a-6*l*, 22a-6m, 22a-6n, 22a-6p, 22a-6s, 22a-6u, 22a-6v, 22a-6w, 22a-6y, 22a-6z, 22a-6aa, 22a-6bb, 22a-6cc, 22a-7a, 22a-7b, 22a-8a, 22a-10, 22a-13, 22a-16a, 22a-21, 22a-21b, 22a-21c, 22a-21d, 22a-21h, 22a-21j, 22a-22, 22a-25, 22a-26, 22a-27, 22a-27f, 22a-27*l*, 22a-27p, 22a-27r, 22a-27s, 22a-27t, 22a-27u, 22a-27v, 22a-27w, 22a-29, 22a-35a, 22a-38, 22a-42a, 22a-44, 22a-45a, 22a-45b, 22a-45c, 22a-45d, 22a-47, 22a-54, 22a-54a, 22a-56a, 22a-66a, 22a-66c, 22a-66j, 22a-66k, 22a-66*l*, 22a-66y, 22a-66z, 22a-68, 22a-93, 22a-106a, 22a-109, 22a-113m, 22a-113n, 22a-113t, 22a-114, 22a-115, 22a-118, 22a-122, 22a-133a, 22a-133b, 22a-133k, 22a-133*l*, 22a-133m, 22a-133n, 22a-133u, 22a-133v, 22a-133w, 22a-133y, 22a-133z, 22a-133aa, 22a-133bb, 22a-133ee, 22a-134, 22a-134e, 22a-134f, 22a-134g, 22a-134h, 22a-134i, 22a-134k, 22a-134*l*, 22a-134m, 22a-134n, 22a-134p, 22a-134q, 22a-134s, 22a-135, 22a-136, 22a-137, 22a-148, 22a-149, 22a-150, 22a-151, 22a-153, 22a-154, 22a-155, 22a-156, 22a-158, 22a-160, 22a-162, 22a-170, 22a-171, 22a-173, 22a-174c, 22a-174d, 22a-174e, 22a-174f, 22a-174g, 22a-174h, 22a-174i, 22a-174j, 22a-174k, 22a-174*l*, 22a-174m, 22a-180, 22a-182a, 22a-183, 22a-186, 22a-188, 22a-188a, 22a-191, 22a-191a, 22a-192, 22a-193, 22a-194a, 22a-194c, 22a-194f, 22a-198, 22a-199, 22a-200, 22a-200a, 22a-200b, 22a-200c, 22a-201a, 22a-201b, 22a-207, 22a-208a, 22a-208b, 22a-208d, 22a-208e, 22a-208f, 22a-208g, 22a-208h, 22a-208j, 22a-208o, 22a-208p, 22a-208q, 22a-208v, 22a-208w, 22a-208x, 22a-208y, 22a-208aa, 22a-208bb, 22a-209a, 22a-209b, 22a-209d, 22a-209f, 22a-209g, 22a-209h, 22a-209i, 22a-213a, 22a-214, 22a-219b, 22a-219c, 22a-219e, 22a-220, 22a-220a, 22a-220d, 22a-222, 22a-223, 22a-225, 22a-227, 22a-228, 22a-230, 22a-231, 22a-233a, 22a-235, 22a-235a, 22a-237,

22a-238, 22a-239, 22a-240, 22a-240a, 22a-241, 22a-241a, 22a-241b, 22a-241g, 22a-241h, 22a-241j, 22a-245, 22a-245a, 22a-245b, 22a-245d, 22a-248, 22a-250, 22a-250a, 22a-250b, 22a-250c, 22a-252, 22a-255b, 22a-255c, 22a-255d, 22a-255f, 22a-255h, 22a-256b, 22a-256c, 22a-256i, 22a-256m, 22a-256o, 22a-256q, 22a-256r, 22a-256v, 22a-256y, 22a-256aa, 22a-260, 22a-264, 22a-283, 22a-285a, 22a-285d, 22a-285e, 22a-285g, 22a-285h, 22a-285j, 22a-295, 22a-300, 22a-308, 22a-309, 22a-314, 22a-315, 22a-316, 22a-317, 22a-318, 22a-319, 22a-320, 22a-321, 22a-322, 22a-324, 22a-326, 22a-328, 22a-336, 22a-337, 22a-339a, 22a-339b, 22a-339c, 22a-339d, 22a-339f, 22a-339g, 22a-339h, 22a-342a, 22a-349, 22a-349a, 22a-351, 22a-352, 22a-354b, 22a-354c, 22a-354d, 22a-354e, 22a-354f, 22a-354h, 22a-354i, 22a-354j, 22a-354k, 22a-354*l*, 22a-354m, 22a-354p, 22a-354q, 22a-354t, 22a-354u, 22a-354v, 22a-354w, 22a-354x, 22a-354z, 22a-354aa, 22a-354bb, 22a-354cc, 22a-355, 22a-357, 22a-359, 22a-361, 22a-361a, 22a-363b, 22a-364, 22a-367, 22a-368a, 22a-378a, 22a-381, 22a-401, 22a-402, 22a-406, 22a-409, 22a-416, 22a-423, 22a-426, 22a-430b, 22a-430c, 22a-434a, 22a-439, 22a-439a, 22a-444, 22a-445, 22a-449, 22a-449d, 22a-449e, 22a-449f, 22a-449g, 22a-449h, 22a-449i, 22a-449j, 22a-449k, 22a-449*l*, 22a-449n, 22a-449p, 22a-449q, 22a-450a, 22a-452a, 22a-452e, 22a-453a, 22a-454c, 22a-457a, 22a-457b, 22a-458, 22a-459, 22a-461, 22a-462, 22a-463, 22a-471, 22a-472, 22a-474, 22a-475, 22a-482, 22a-485, 22a-497, 22a-500, 22a-501, 22a-517, 22a-521, 22a-522, 22a-523, 22a-524, 22a-525, 22a-526, 22a-527, 22a-601, 22a-602, 22a-604, 22a-605, 22a-613, 22a-616, 22a-626, 22a-627, 22a-629, 22a-630, 22a-634, 22a-637, 22a-638, 22a-902, 23-4, 23-5, 23-5b, 23-6, 23-7, 23-8, 23-8b, 23-9a, 23-9b, 23-10, 23-10b, 23-10c, 23-10e, 23-10i, 23-11, 23-12, 23-13, 23-14, 23-15a, 23-15b, 23-16, 23-16a, 23-17, 23-18, 23-20, 23-21, 23-22, 23-23, 23-24, 23-24a, 23-25, 23-26b, 23-26c, 23-26d, 23-26f, 23-26g, 23-30, 23-31, 23-32, 23-32a, 23-33, 23-37a, 23-37b, 23-41, 23-61a, 23-61b, 23-61f, 23-65, 23-65f, 23-65g, 23-65h, 23-65i, 23-65j, 23-65*l*, 23-65m, 23-65n, 23-65o, 23-65p, 23-65q, 23-73, 23-75, 23-77, 23-101, 23-102, 24-2, 25-32b, 25-32d, 25-32i, 25-33e, 25-33g, 25-33h, 25-33k, 25-33m, 25-33o, 25-34, 25-68b, 25-68i, 25-68k, 25-68*l*, 25-68m, 25-68n, 25-71, 25-72, 25-74, 25-76, 25-80, 25-83a, 25-94, 25-95, 25-97, 25-102a, 25-102d, 25-102e, 25-102f, 25-102m, 25-102t, 25-102ii, 25-102qq, 25-102xx, 25-109e, 25-109q, 25-131, 25-139, 25-155, 25-157, 25-178, 25-199, 25-199a, 25-201,

25-231, 26-1, 26-3, 26-3a, 26-3b, 26-3c, 26-5, 26-6, 26-6a, 26-7, 26-15, 26-17a, 26-18, 26-25a, 26-25b, 26-27, 26-27b, 26-27c, 26-27d, 26-28b, 26-29c, 26-30, 26-31, 26-31a, 26-40a, 26-40c, 26-46, 26-55, 26-65, 26-65a, 26-67b, 26-67c, 26-67e, 26-74, 26-80a, 26-86a, 26-86c, 26-86e, 26-91, 26-103, 26-107f, 26-107h, 26-107i, 26-115, 26-119, 26-141a, 26-141b, 26-141c, 26-142a, 26-142b, 26-157c, 26-157d, 26-157e, 26-157f, 26-157h, 26-157i, 26-159a, 26-186a, 26-192j, 26-297, 26-313, 26-314, 26-315, 26-316, 28-1b, 28-31, 29-32b, 32-1e, 32-1o, 32-9cc, 32-9dd, 32-9kk, 32-9*ll*, 32-11a, 32-23x, 32-242, 32-242a, 32-664, 38a-684, 47-46a, 47-59b, 47-65, 47-65a, 47-66, 47-66d, 47-66g, 51-164n, 52-192, 52-473a, 53-190, 53a-44a, 53a-54b and 53a-217e.

(d) Wherever the words "Department of Environmental Protection" are used or referred to in the following sections of the general statutes, the words "Department of Energy and Environmental Protection" shall be substituted in lieu thereof: 1-84, 1-206, 1-217, 2-20a, 4-38c, as amended by this act, 4-66c, 4-66aa, 4-89, 4a-53, 4b-15, 5-142, 7-131e, 7-151a, 7-151b, 7-252, 8-387, 10-282, 10-291, 10-413, 10a-119e, 12-63e, 12-263m, 13a-142b, 13a-142c, 13a-142d, 13b-38a, 14-386, 15-129, 15-130a, 15-140e, 15-140f, 15-140j, 15-154, 15-155, 16-19h, 16-19o, 16-50j, 16-50k, 16-50p, 16-243q, 16-244d, 16-244j, 16-245*l*, 16-245y, 16-262m, 16-262n, 19a-197b, 19a-320, 20-420, 21-84b, 22-11f, 22-11g, 22-11h, 22-26cc, 22-81, 22-91e, 22-455, 22a-1d, 22a-2, 22a-2a, 22a-2c, 22a-5b, 22a-6, 22a-6f, 22a-6g, 22a-6*l*, 22a-6p, 22a-6r, 22a-6u, 22a-6x, 22a-6cc, 22a-10, 22a-11, 22a-20a, 22a-21, 22a-21a, 22a-21b, 22a-21c, 22a-21i, 22a-21j, 22a-21k, 22a-22, 22a-25, 22a-26, 22a-26a, 22a-27j, 22a-27*l*, 22a-27s, 22a-29, 22a-33, 22a-40, 22a-47a, 22a-58, 22a-61, 22a-66z, 22a-68, 22a-115, 22a-118, 22a-119, 22a-122, 22a-123, 22a-126, 22a-132, 22a-133v, 22a-133w, 22a-134i, 22a-135, 22a-170, 22a-174, 22a-174*l*, 22a-186, 22a-188a, 22a-196, 22a-198, 22a-200b, 22a-200c, 22a-200d, 22a-207, 22a-208a, 22a-209f, 22a-223, 22a-233a, 22a-239a, 22a-244, 22a-245a, 22a-247, 22a-248, 22a-250, 22a-255h, 22a-256m, 22a-256y, 22a-259, 22a-260, 22a-264, 22a-275, 22a-314, 22a-315, 22a-336, 22a-352, 22a-355, 22a-361, 22a-363b, 22a-416, 22a-426, 22a-446, 22a-449f, 22a-449*l*, 22a-449n, 22a-454a, 22a-475, 22a-477, 22a-509, 22a-521, 22a-601, 22a-629, 22a-630, 22a-635, 23-5c, 23-8, 23-8b, 23-10b, 23-10d, 23-15, 23-15b, 23-19, 23-20, 23-24a, 23-32a, 23-61a, 23-65f, 23-

65h, 23-65i, 23-65k, 23-67, 23-68, 23-72, 23-73, 23-101, 23-102, 23-103, 25-32d, 25-33o, 25-33p, 25-37d, 25-37e, 25-37i, 25-43c, 25-102e, 25-102f, 25-128, 25-131, 25-157, 25-157a, 25-157b, 25-157n, 25-175, 25-201, 25-203, 25-206, 25-231, 26-6a, 26-15, 26-15a, 26-15b, 26-17a, 26-27b, 26-31, 26-40a, 26-55, 26-55a, 26-59, 26-66a, 26-66b, 26-72, 26-86f, 26-105, 26-142a, 26-157d, 26-192k, 26-300, 26-304, 26-314, 28-31, 29-28, 29-36f, 30-55a, 32-1e, 32-9t, 32-9cc, 32-9dd, 32-9kk, 32-9*ll*, 32-11a, 32-23d, 32-23x, 32-242, 32-242a, 32-726, 46b-220, 47-46a, 47-64, 52-557b, 53-204, 53-205, 53-206d, 53a-44a, 53a-217e, 54-56g and 54-143.

(e) Wherever the words "Department of Public Utility Control" are used or referred to in the following sections of the general statutes, the words "Department of Energy and Environmental Protection" shall be substituted in lieu thereof: 1-84, 1-84b, 2-20a, 2-71p, 4-38c, as amended by this act, 4a-57, 4a-74, 4d-2, 4d-80, 7-223, 7-233t, 7-233ii, 8-387, 12-81q, 12-94d, 12-264, 12-265, 12-408b, 12-412, 12-491, 13a-82, 13a-126, 13a-126a, 13b-10a, 13b-37, 13b-43, 13b-44, 13b-387a, 15-96, 16-1, 16-2, 16-2a, 16-4, 16-6, 16-6a, 16-6b, 16-7, 16-8, 16-8a, 16-8b, 16-8c, 16-8d, 16-9, 16-9a, 16-10, 16-10a, 16-11, 16-12, 16-13, 16-14, 16-15, 16-16, 16-17, 16-18, 16-18a, 16-19, 16-19a, 16-19b, 16-19d, 16-19e, 16-19f, 16-19h, 16-19k, 16-19n, 16-19o, 16-19u, 16-19w, 16-19x, 16-19z, 16-19aa, 16-19bb, 16-19cc, 16-19dd, 16-19ee, 16-19ff, 16-19gg, 16-19jj, 16-19kk, 16-19mm, 16-19nn, 16-19oo, 16-19pp, 16-19qq, 16-19ss, 16-19tt, 16-19uu, 16-19vv, 16-20, 16-21, 16-23, 16-24, 16-25, 16-25a, 16-26, 16-27, 16-28, 16-29, 16-32, 16-32a, 16-32b, 16-32c, 16-32e, 16-32g, 16-33, 16-35, 16-41, 16-42, 16-43, 16-43a, 16-43d, 16-44, 16-44a, 16-45, 16-46, 16-47, 16-47a, 16-48, 16-49e, 16-50c, 16-50d, 16-50f, 16-50k, 16-50aa, 16-216, 16-227, 16-231, 16-233, 16-234, 16-235, 16-238, 16-243, 16-243a, 16-243b, 16-243c, 16-243f, 16-243j, 16-243k, 16-243m, 16-243n, 16-243p, 16-243q, 16-243r, 16-243s, 16-243t, 16-243u, 16-243w, 16-244a, 16-244b, 16-244c, as amended by this act, 16-244d, 16-244e, 16-244f, 16-244g, 16-244h, 16-244i, 16-244k, 16-244*l*, 16-245, as amended by this act, 16-245a, 16-245b, 16-245c, 16-245d, 16-245e, 16-245g, 16-245*l*, 16-245o, as amended by this act, 16-245p, 16-245q, 16-245s, 16-245t, 16-245u, 16-245v, 16-245w, 16-245x, 16-245y, 16-246, 16-246e, 16-246g, 16-247c, 16-247j, 16-247*l*, 16-247m, 16-247o, 16-247p, 16-247q, 16-247t, 16-249, 16-250, 16-250a, 16-250b, 16-256b, 16-256c, 16-

256g, 16-256h, 16-256k, 16-258a, 16-258b, 16-258c, 16-259, 16-261, 16-262a, 16-262c, 16-262d, 16-262i, 16-262j, 16-262k, 16-262*l*, 16-262m, 16-262n, 16-262o, 16-262q, 16-262r, 16-262s, 16-262v, 16-262w, 16-262x, 16-265, 16-269, 16-271, 16-272, 16-273, 16-274, 16-275, 16-276, 16-278, 16-280a, 16-280b, 16-280d, 16-280e, 16-280f, 16-280h, 16-281a, 16-331, 16-331c, 16-331e, 16-331f, 16-331g, 16-331h, 16-331i, 16-331j, 16-331k, 16-331n, 16-331o, 16-331p, 16-331q, 16-331r, 16-331t, 16-331u, 16-331v, 16-331y, 16-331z, 16-331aa, 16-331cc, 16-331dd, 16-331ff, 16-331gg, 16-332, 16-333, 16-333a, 16-333b, 16-333e, 16-333f, 16-333g, 16-333h, 16-333i, 16-333*l*, 16-333n, 16-333o, 16-333p, 16-347, 16-348, 16-356, 16-357, 16-358, 16-359, 16a-3, 16a-3a, as amended by this act, 16a-3b, 16a-3c, 16a-7b, 16a-7c, 16a-13b, 16a-37c, 16a-38n, 16a-38o, 16a-40b, 16a-40k, 16a-41, 16a-46, 16a-46b, 16a-46c, 16a-47a, 16a-47b, 16a-47c, 16a-47d, 16a-47e, 16a-49, 16a-103, 20-298, 20-309, 20-340, 20-340a, 20-341k, 20-341z, 20-357, 20-541, 22a-174j, 22a-174*l*, 22a-200c, 22a-256dd, 22a-266, 22a-358, 22a-475, 22a-478, 22a-479, 23-8b, 23-65, 25-32d, 25-33a, 25-33e, 25-33g, 25-33h, 25-33k, 25-33*l*, 25-33p, 25-37d, 25-37e, 26-141b, 28-1b, 28-24, 28-26, 28-27, 28-31, 29-282, 29-415, 32-80a, 32-222, 33-219, 33-221, 33-241, 33-951, 42-287, 43-44, 49-4c and 52-259a.

(f) Wherever the words "Secretary of the Office of Policy and Management" are used or referred to in the following sections of title 16a of the general statutes, the words "Commissioner of Energy and Environmental Protection" shall be substituted in lieu thereof: 16a-3, 16a-4d, 16a-6, 16a-14, 16a-22, 16a-22c, 16a-22h, 16a-22i, 16a-22j, 16a-23t, 16a-35c, 16a-35d, 16a-35h, 16a-37c, 16a-37f, 16a-37u, 16a-38, 16a-38a, 16a-38b, 16a-38i, 16a-38j, 16a-38k, 16a-38m, 16a-38o, 16a-39b, 16a-40b, 16a-41a, 16a-44b, 16a-46a, 16a-46c, 16a-46e, 16a-46f, 16a-102 and 16a-106.

(g) Wherever the words "Office of Policy and Management" are used or referred to in the following sections of title 16a of the general statutes, the words "Department of Energy and Environmental Protection" shall be substituted in lieu thereof: 16a-2, 16a-3, 16a-4d, 16a-6, 16a-7b, 16a-14, 16a-14e, 16a-20, 16a-22, 16a-22c, 16a-22h, 16a-22i, 16a-22j, 16a-23t, 16a-35c, 16a-35d, 16a-35g, 16a-35h, 16a-37c, 16a-37f,

16a-37u, 16a-37v, 16a-37w, 16a-38, 16a-38a, 16a-38b, 16a-38i, 16a-38j, 16a-38k, 16a-38*l*, 16a-38m, 16a-38n, 16a-38o, 16a-39b, 16a-40b, 16a-40f, 16a-41a, 16a-44b, 16a-46a, 16a-46c, 16a-46e, 16a-46f, 16a-46g, 16a-102 and 16a-106.

(h) Wherever the word "secretary" is used or referred to in the following sections of title 16a of the general statutes, the word "commissioner" shall be substituted in lieu thereof: 16a-2, 16a-3, 16a-4d, 16a-6, 16a-9, 16a-11, 16a-12, 16a-13, 16a-13a, 16a-13b, 16a-14, 16a-14a, 16a-14b, 16a-22, 16a-22c, 16a-22d, 16a-22e, 16a-22f, 16a-22h, 16a-22i, 16a-22j, 16a-23t, 16a-35c, 16a-35d, 16a-35h, 16a-37c, 16a-37f, 16a-37u, 16a-38, 16a-38a, 16a-38b, 16a-38i, 16a-38j, 16a-38k, 16a-38m, 16a-38o, 16a-39b, 16a-40b, 16a-41a, 16a-44b, 16a-45a, 16a-46a, 16a-46b, 16a-46c, 16a-46e, 16a-46f, 16a-102, 16a-106 and 16a-111.

(i) If the term "Department of Environmental Protection" or "Department of Public Utility Control" is used or referred to in any public or special act of 2011, or in any section of the general statutes which is amended in 2011, it shall be deemed to refer to the Department of Energy and Environmental Protection.

(j) If the term "Commissioner of Environmental Protection" is used or referred to in any public or special act of 2011, or in any section of the general statutes which is amended in 2011, it shall be deemed to refer to the Commissioner of Energy and Environmental Protection.

Sec. 2. Section 4-5 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

As used in sections 4-6, 4-7 and 4-8, the term "department head" means Secretary of the Office of Policy and Management, Commissioner of Administrative Services, Commissioner of Revenue Services, Banking Commissioner, Commissioner of Children and Families, Commissioner of Consumer Protection, Commissioner of Correction, Commissioner of Economic and Community Development, State Board of Education, Commissioner of Emergency Management and Homeland Security, Commissioner of <u>Energy and</u> Environmental

Protection, Commissioner of Agriculture, Commissioner of Public Health, Insurance Commissioner, Labor Commissioner, Liquor Control Commission, Commissioner of Mental Health and Addiction Services, Commissioner of Public Safety, Commissioner of Social Services, Commissioner of Developmental Services, Commissioner of Motor Vehicles, Commissioner of Transportation, Commissioner of Public Works, Commissioner of Veterans' Affairs, Chief Information Officer, **[**the chairperson of the Public Utilities Control Authority,**]** the executive director of the Board of Education and Services for the Blind, the executive director of the Connecticut Commission on Culture and Tourism, and the executive director of the Office of Military Affairs. As used in sections 4-6 and 4-7, "department head" also means the Commissioner of Education.

Sec. 3. Section 4-38c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

There shall be within the executive branch of state government the following departments: Office of Policy and Management, Department of Administrative Services, Department of Revenue Services, Department of Banking, Department of Agriculture, Department of Children and Families, Department of Consumer Protection, Department of Correction, Department of Economic and Community Development, State Board of Education, Department of Emergency Management and Homeland Security, Department of Energy and Environmental Protection, Department of Public Health, Board of Governors of Higher Education, Insurance Department, Labor Department, Department of Mental Health and Addiction Services, Department of Developmental Services, Department of Public Safety, Department of Social Services, Department of Transportation, Department of Motor Vehicles, Department of Veterans' Affairs **[**,**]** and Department of Public Works. **[**and Department of Public Utility Control.**]**

Sec. 4. Section 16a-3a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The [electric distribution companies, in consultation with the Connecticut Energy Advisory Board, established pursuant to section 16a-3,] Department of Energy and Environmental Protection, in consultation with the Connecticut Energy Advisory Board, shall review the state's energy and capacity resource assessment and develop a comprehensive plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy technologies to meet the projected requirements of their customers in a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards. Such plan shall seek to lower the cost of electricity.

(b) On or before January 1, [2008] 2012, and biennially thereafter, the Department of Energy and Environmental Protection, in consultation with the Connecticut Energy Advisory Board and the companies, shall [submit to the Connecticut Energy Advisory Board] prepare an assessment of (1) the energy and capacity requirements of customers for the next three, five and ten years, (2) the manner of how best to eliminate growth in electric demand, (3) how best to level electric demand in the state by reducing peak demand and shifting demand to off-peak periods, (4) the impact of current and projected environmental standards, including, but not limited to, those related to greenhouse gas emissions and the federal Clean Air Act goals and how different resources could help achieve those standards and goals, (5) energy security and economic risks associated with potential energy resources, and (6) the estimated lifetime cost and availability of potential energy resources.

(c) Resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective for the general class of consumers, reliable and feasible. The projected customer cost impact of any demand-side resources considered pursuant to this subsection shall be reviewed on an equitable bases

with nondemand-side resources. The procurement plan shall specify (1) the total amount of energy and capacity resources needed to meet the requirements of all customers, (2) the extent to which demand-side measures, including efficiency, conservation, demand response and load management can cost-effectively meet these needs from the perspective of the general class of consumers, (3) needs for generating capacity and transmission and distribution improvements, (4) how the development of such resources will reduce and stabilize the costs of electricity to the general class of consumers, and (5) the manner in which each of the proposed resources should be procured, including the optimal contract periods for various resources.

(d) The procurement plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; and (7) the impact of the procurement plan on the costs of electric customers. Such plan shall include options for lowering the cost of electricity.

(e) The **[**board, in consultation with the regional independent system operator, shall review and approve or review, modify and approve**]** Department of Energy and Environmental Protection, in consultation with the electric distribution companies, the regional independent system operator, and the Connecticut Energy Advisory Board, shall develop a procurement plan and hold public hearings on the proposed procurement plan. **[**as submitted not later than one hundred twenty days after receipt. For calendar years 2009 and thereafter, the board shall conduct such review not later than sixty days after receipt. For the purpose of reviewing the plan, the

Commissioners of Transportation and Agriculture and the chairperson of the Public Utilities Control Authority, or their respective designees, shall not participate as members of the board. The electric distribution companies shall provide any additional information requested by the board that is relevant to the consideration of the procurement plan. In the course of conducting such review, the board shall conduct a public hearing, may retain the services of a third-party entity with experience in the area of energy procurement and may consult with the regional independent system operator. The board shall submit the reviewed procurement plan, together with a statement of any unresolved issues, to the Department of Public Utility Control. The department shall consider the procurement plan in an uncontested proceeding and shall conduct a hearing and provide an opportunity for interested parties to submit comments regarding the procurement plan. Not later than one hundred twenty days after submission of the procurement plan, the department shall approve, or modify and approve, the procurement plan.**]** The department's Bureau of Energy shall, after the public hearing, make recommendations to the Commissioner of Energy and Environmental Protection regarding plan modifications. Said commissioner shall approve, modify or reject the plan.

(f) On or before September 30, **[**2009**]** 2011, and every two years thereafter, the Department of **[**Public Utility Control**]** Energy and Environmental Protection shall report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding goals established and progress toward implementation of the procurement plan established pursuant to this section, as well as any recommendations for the process.

(g) All electric distribution companies' costs associated with the development of the resource assessment and the development of the procurement plan shall be recoverable through the systems benefits charge.

Sec. 5. (NEW) (*Effective July 1, 2011*) (a) The plan developed, pursuant to section 16a-3a of the general statutes, as amended by this

act, to be adopted in 2012 shall (1) indicate specific options to reduce the price of electricity. Such options may include the procurement of new sources of generation. In reviewing new sources of generation, the plan shall determine whether the private wholesale market can supply such additional sources or whether state financial assistance, long-term purchasing of electricity contracts or other interventions are needed to achieve the goal; (2) analyze in-state renewable sources of electricity in comparison to transmission line upgrades or new projects and out-of-state renewable energy sources, provided such analysis also considers the benefits of additional jobs and other economic impacts; (3) include an examination of other states' best practices to determine why electricity rates are lower elsewhere in the region; (4) assess and compare the cost of transmission line projects, new power sources, renewable sources of electricity, conservation and distributed generation projects to ensure the state pursues only the least-cost alternative projects; (5) continually monitor supply and distribution systems to identify potential need for transmission line projects early enough to identify alternatives; and (6) assess the least cost alternative to address reliability concerns, including, but not limited to, lowering electricity demand through conservation and distributed generation projects before an electric distribution company submits a proposal for transmission lines or transmission line upgrades to the independent system operator or the Federal Energy Regulatory Commission.

(b) If, on and after July 1, 2012, the 2012 plan contains an option to procure new sources of generation, the Department of Energy and Environmental Protection shall pursue the most cost-effective approach. If the department seeks new sources of generation, it shall issue a notice of interest for generation without any financial assistance, including, but not limited to, long-term contract financing or ratepayer guarantees. If the department fails to receive any responsive proposal, it shall issue a request for proposals that may include such financial assistance.

(c) On or before February 1, 2012, the department shall report to the joint standing committee of the General Assembly having cognizance

of matters relating to energy regarding state policy and legislative changes the department feels would most likely lower the state's electricity rates.

Sec. 6. Section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) (1) On and after January 1, 2000, each electric distribution company shall make available to all customers in its service area, the provision of electric generation and distribution services through a standard offer. Under the standard offer, a customer shall receive electric services at a rate established by the Department of **[**Public Utility Control**]** Energy and Environmental Protection pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The standard offer shall automatically terminate on January 1, 2004. While providing electric generation services under the standard offer, an electric distribution company may provide electric generation services through any of its generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245, as amended by this act.

(2) Not later than October 1, 1999, the Department of **[**Public Utility Control**]** Energy and Environmental Protection shall establish the standard offer for each electric distribution company, effective January 1, 2000, which shall allocate the costs of such company among electric transmission and distribution services, electric generation services, the competitive transition assessment and the systems benefits charge. The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the standard offer. The standard offer shall provide that the total rate charged under the standard offer, including electric transmission and distribution services, the conservation and load management program charge

described in section 16-245m, the renewable energy investment charge described in section 16-245n, electric generation services, the competitive transition assessment and the systems benefits charge shall be at least ten per cent less than the base rates, as defined in section 16-244a, in effect on December 31, 1996. The standard offer shall be adjusted to the extent of any increase or decrease in state taxes attributable to sections 12-264 and 12-265 and any other increase or decrease in state or federal taxes resulting from a change in state or federal law and shall continue to be adjusted during such period pursuant to section 16-19b. Notwithstanding the provisions of section 16-19b, the provisions of said section 16-19b shall apply to electric distribution companies. The standard offer may be adjusted, by an increase or decrease, to the extent approved by the department, in the event that (A) the revenue requirements of the company are affected as the result of changes in (i) legislative enactments other than public act 98-28, (ii) administrative requirements, or (iii) accounting standards occurring after July 1, 1998, provided such accounting standards are adopted by entities independent of the company that have authority to issue such standards, or (B) an electric distribution company incurs extraordinary and unanticipated expenses required for the provision of safe and reliable electric service to the extent necessary to provide such service. Savings attributable to a reduction in taxes shall not be shifted between customer classes.

(3) The price reduction provided in subdivision (2) of this subsection shall not apply to customers who, on or after July 1, 1998, are purchasing electric services from an electric company or electric distribution company, as the case may be, under a special contract or flexible rate tariff, and the company's filed standard offer tariffs shall reflect that such customers shall not receive the standard offer price reduction.

(b) (1) (A) On and after January 1, 2004, each electric distribution company shall make available to all customers in its service area, the provision of electric generation and distribution services through a transitional standard offer. Under the transitional standard offer, a

customer shall receive electric services at a rate established by the Department of [Public Utility Control] Energy and Environmental Protection pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the transitional standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The transitional standard offer shall terminate on December 31, 2006. While providing electric generation services under the transitional standard offer, an electric distribution company may provide electric generation services through any of its generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245, as amended by this act.

(B) The department shall conduct a proceeding to determine whether a practical, effective, and cost-effective process exists under which an electric customer, when initiating electric service, may receive information regarding selecting electric generating services from a qualified entity. The department shall complete such proceeding on or before December 1, 2005, and shall implement the resulting decision on or before March 1, 2006, or on such later date that the department considers appropriate. An electric distribution company's costs of participating in the proceeding and implementing the results of the department's decision shall be recoverable by the company as generation services costs through an adjustment mechanism as approved by the department.

(2) (A) Not later than December 15, 2003, the Department of [Public Utility Control] Energy and Environmental Protection shall establish the transitional standard offer for each electric distribution company, effective January 1, 2004.

(B) The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the transitional standard offer. The transitional standard offer shall

provide that the total rate charged under the transitional standard offer, including electric transmission and distribution services, the conservation and load management program charge described in section 16-245m, the renewable energy investment charge described in section 16-245n, electric generation services, the competitive transition assessment and the systems benefits charge, and excluding federally mandated congestion costs, shall not exceed the base rates, as defined in section 16-244a, in effect on December 31, 1996, excluding any rate reduction ordered by the department on September 26, 2002.

(C) (i) Each electric distribution company shall, on or before January 1, 2004, file with the department an application for an amendment of rates pursuant to section 16-19, which application shall include a four-year plan for the provision of electric transmission and distribution services. The department shall conduct a contested case proceeding pursuant to sections 16-19 and 16-19e to approve, reject or modify the application and plan. Upon the approval of such plan, as filed or as modified by the department, the department shall order that such plan shall establish the electric transmission and distribution services component of the transitional standard offer.

(ii) Notwithstanding the provisions of this subparagraph, an electric distribution company that, on or after September 1, 2002, completed a proceeding pursuant to sections 16-19 and 16-19e, shall not be required to file an application for an amendment of rates as required by this subparagraph. The department shall establish the electric transmission and distribution services component of the transitional standard offer for any such company equal to the electric transmission and distribution services component of the standard offer established pursuant to subsection (a) of this section in effect on July 1, 2003, for such company. If such electric distribution company applies to the department, pursuant to section 16-19, for an amendment of its rates on or before December 31, 2006, the application of the electric distribution company shall include a four-year plan.

(D) The transitional standard offer (i) shall be adjusted to the extent

of any increase or decrease in state taxes attributable to sections 12-264 and 12-265 and any other increase or decrease in state or federal taxes resulting from a change in state or federal law, (ii) shall be adjusted to provide for the cost of contracts under subdivision (2) of subsection (j) of this section and the administrative costs for the procurement of such contracts, and (iii) shall continue to be adjusted during such period pursuant to section 16-19b. Savings attributable to a reduction in taxes shall not be shifted between customer classes. Notwithstanding the provisions of section 16-19b, the provisions of section 16-19b shall apply to electric distribution companies.

(E) The transitional standard offer may be adjusted, by an increase or decrease, to the extent approved by the department, in the event that (i) the revenue requirements of the company are affected as the result of changes in (I) legislative enactments other than public act 03-135 or public act 98-28, (II) administrative requirements, or (III) accounting standards adopted after July 1, 2003, provided such accounting standards are adopted by entities that are independent of the company and have authority to issue such standards, or (ii) an electric distribution company incurs extraordinary and unanticipated expenses required for the provision of safe and reliable electric service to the extent necessary to provide such service.

(3) The price provided in subdivision (2) of this subsection shall not apply to customers who, on or after July 1, 2003, purchase electric services from an electric company or electric distribution company, as the case may be, under a special contract or flexible rate tariff, provided the company's filed transitional standard offer tariffs shall reflect that such customers shall not receive the transitional standard offer price during the term of said contract or tariff.

(4) (A) In addition to its costs received pursuant to subsection (h) of this section, as compensation for providing transitional standard offer service, each electric distribution company shall receive an amount equal to five-tenths of one mill per kilowatt hour. Revenues from such compensation shall not be included in calculating the electric

distribution company's earnings for purposes of, or in determining whether its rates are just and reasonable under, sections 16-19, 16-19a and 16-19e, including an earnings sharing mechanism. In addition, each electric distribution company may earn compensation for mitigating the prices of the contracts for the provision of electric generation services, as provided in subdivision (2) of this subsection.

(B) The department shall conduct a contested case proceeding pursuant to the provisions of chapter 54 to establish an incentive plan for the procurement of long-term contracts for transitional standard offer service by an electric distribution company. The incentive plan shall be based upon a comparison of the actual average firm full requirements service contract price for electricity obtained by the electric distribution company compared to the regional average firm full requirements service contract price for electricity, adjusted for such variables as the department deems appropriate, including, but not limited to, differences in locational marginal pricing. If the actual average firm full requirements service contract price obtained by the electric distribution company is less than the actual regional average firm full requirements service contract price for the previous year, the department shall split five-tenths of one mill per kilowatt hour equally between ratepayers and the company. Revenues from such incentive plan shall not be included in calculating the electric distribution company's earnings for purposes of, or in determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e. The department may, as it deems necessary, retain a third party entity with expertise in energy procurement to assist with the development of such incentive plan.

(c) (1) On and after January 1, 2007, each electric distribution company shall provide electric generation services through standard service to any customer who (A) does not arrange for or is not receiving electric generation services from an electric supplier, and (B) does not use a demand meter or has a maximum demand of less than five hundred kilowatts.

(2) Not later than October 1, 2006, and periodically as required by subdivision (3) of this subsection, but not more often than every calendar quarter, the Department of Public Utility Control shall establish the standard service price for such customers pursuant to subdivision (3) of this subsection. Each electric distribution company shall recover the actual net costs of procuring and providing electric generation services pursuant to this subsection, provided such company mitigates the costs it incurs for the procurement of electric generation services for customers who are no longer receiving service pursuant to this subsection.

(3) An electric distribution company providing electric generation services pursuant to this subsection shall **[**mitigate the variation of the price of the service offered to its customers by procuring**]** cooperate with the procurement officer of the Department of Energy and Environmental Protection and comply with the procurement plan for electric generation services contracts in the manner prescribed in **[**a plan approved by the department. Such plan shall require the procurement of a portfolio of service contracts sufficient to meet the projected load of the electric distribution company. Such plan shall require that the portfolio of service contracts be procured in an overlapping pattern of fixed periods at such times and in such manner and duration as the department determines to be most likely to produce just, reasonable and reasonably stable retail rates while reflecting underlying wholesale market prices over time. The portfolio of contracts shall be assembled in such manner as to invite competition; guard against favoritism, improvidence, extravagance, fraud and corruption; and secure a reliable electricity supply while avoiding unusual, anomalous or excessive pricing. The portfolio of contracts procured under such plan shall be for terms of not less than six months, provided contracts for shorter periods may be procured under such conditions as the department shall prescribe to (A) ensure the lowest rates possible for end-use customers; (B) ensure reliable service under extraordinary circumstances; and (C) ensure the prudent management of the contract portfolio**]** section 7 of this act. An affiliate of an electric distribution company may **[**receive a**]** bid for an electric

generation services contract, [from any of its generation entities or affiliates,] provided such [generation entity or affiliate submits its bid the business day preceding the first day on which an unaffiliated electric supplier may submit its bid and further provided the] electric distribution company and [the generation entity or] affiliate are in compliance with the code of conduct established in section 16-244h.

(4) [The department, in consultation with the Office of Consumer Counsel, shall] The procurement officer of the Department of Energy and Environmental Protection may retain the services of [a] third-party [entity with expertise in the area of energy procurement to oversee the initial development of the request for proposals and the procurement of contracts by an electric distribution company for the provision] entities as it sees fit to assist with the procurement of electric generation services [offered pursuant to this subsection] for standard service. Costs associated with the retention of such third-party entity shall be included in the cost of [electric generation services that is included in such price] standard service.

(5) [Each] For standard service contracts procured prior to department approval of the plan developed pursuant to section 7 of this act, each bidder for a standard service contract shall submit its bid to the electric distribution company and the third-party entity who shall jointly review the bids and submit an overview of all bids together with a joint recommendation to the department as to the preferred bidders. The department may, within ten business days of submission of the overview, reject the recommendation regarding preferred bidders. In the event that the department rejects the preferred bids, the electric distribution company and the third-party entity shall rebid the service pursuant to this subdivision. The department shall review each bid in an uncontested proceeding that shall include a public hearing and in which the Consumer Counsel and Attorney General may participate.

(d) (1) Notwithstanding the provisions of this section regarding the electric generation services component of the transitional standard

offer or the procurement of electric generation services under standard service, section 16-244h or 16-245o, as amended by this act, the Department of [Public Utility Control] Energy and Environmental Protection may, from time to time, direct an electric distribution company to offer, through an electric supplier or electric suppliers, before January 1, 2007, one or more alternative transitional standard offer options or, on or after January 1, 2007, one or more alternative standard service options. Such alternative options shall include, but not be limited to, an option that consists of the provision of electric generation services that exceed the renewable portfolio standards established in section 16-245a and may include an option that utilizes strategies or technologies that reduce the overall consumption of electricity of the customer.

(2) (A) The department shall develop such alternative option or options in a contested case conducted in accordance with the provisions of chapter 54. The department shall determine the terms and conditions of such alternative option or options, including, but not limited to, (i) the minimum contract terms, including pricing, length and termination of the contract, and (ii) the minimum percentage of electricity derived from Class I or Class II renewable energy sources, if applicable. The electric distribution company shall, under the supervision of the department, subsequently conduct a bidding process in order to solicit electric suppliers to provide such alternative option or options.

(B) The department may reject some or all of the bids received pursuant to the bidding process.

(3) The department may require an electric supplier to provide forms of assurance to satisfy the department that the contracts resulting from the bidding process will be fulfilled.

(4) An electric supplier who fails to fulfill its contractual obligations resulting from this subdivision shall be subject to civil penalties, in accordance with the provisions of section 16-41, or the suspension or revocation of such supplier's license or a prohibition on the acceptance

of new customers, following a hearing that is conducted as a contested case, in accordance with the provisions of chapter 54.

(e) (1) On and after January 1, 2007, an electric distribution company shall serve customers that are not eligible to receive standard service pursuant to subsection (c) of this section as the supplier of last resort. This subsection shall not apply to customers purchasing power under contracts entered into pursuant to section 16-19hh.

(2) An electric distribution company shall procure electricity at least every calendar quarter to provide electric generation services to customers pursuant to this subsection. The Department of **[**Public Utility Control**]** Energy and Environmental Protection shall determine a price for such customers that reflects the full cost of providing the electricity on a monthly basis. Each electric distribution company shall recover the actual net costs of procuring and providing electric generation services pursuant to this subsection, provided such company mitigates the costs it incurs for the procurement of electric generation services for customers that are no longer receiving service pursuant to this subsection.

(f) On and after January 1, 2000, and until such time the regional independent system operator implements procedures for the provision of back-up power to the satisfaction of the Department of **[**Public Utility Control**]** Energy and Environmental Protection, each electric distribution company shall provide electric generation services to any customer who has entered into a service contract with an electric supplier that fails to provide electric generation services for reasons other than the customer's failure to pay for such services. Between January 1, 2000, and December 31, 2006, an electric distribution company may procure electric generation services through a competitive bidding process or through any of its generation entities or affiliates. On and after January 1, 2007, such company shall procure electric generation services through a competitive bidding process pursuant to a plan submitted by the electric distribution company and approved by the department. Such company may procure electric

generation services through any of its generation entities or affiliates, provided such entity or affiliate is the lowest qualified bidder and provided further any such entity or affiliate is licensed pursuant to section 16-245, as amended by this act.

(g) An electric distribution company is not required to be licensed pursuant to section 16-245, as amended by this act, to provide standard offer electric generation services in accordance with subsection (a) of this section, transitional standard offer service pursuant to subsection (b) of this section, standard service pursuant to subsection (c) of this section, supplier of last resort service pursuant to subsection (e) of this section or back-up electric generation service pursuant to subsection (f) of this section.

(h) The electric distribution company shall be entitled to recover reasonable costs incurred as a result of providing standard offer electric generation services pursuant to the provisions of subsection (a) of this section, transitional standard offer service pursuant to subsection (b) of this section, standard service pursuant to subsection (c) of this section or back-up electric generation service pursuant to subsection (f) of this section. The provisions of this section and section 16-244a shall satisfy the requirements of section 16-19a until January 1, 2007.

(i) The Department of **[**Public Utility Control**]** Energy and Environmental Protection shall establish, by regulations adopted pursuant to chapter 54, procedures for when and how a customer is notified that his electric supplier has defaulted and of the need for the customer to choose a new electric supplier within a reasonable period of time.

(j) (1) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall contract with its wholesale

suppliers to comply with the renewable portfolio standards. The Department of [Public Utility Control] Energy and Environmental Protection shall annually conduct a contested case, in accordance with the provisions of chapter 54, in order to determine whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. An electric distribution company shall include a provision in its contract with each wholesale supplier that requires the wholesale supplier to pay the electric distribution company an amount of five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period. The electric distribution company shall promptly transfer any payment received from the wholesale supplier for the failure to meet the renewable portfolio standards to the Renewable Energy Investment Fund for the development of Class I renewable energy sources. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.

(2) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, 2008, file with the Department of [Public Utility Control] Energy and Environmental Protection for its approval one or more long-term power purchase contracts from Class I renewable energy source projects located in Connecticut that receive funding from the Renewable Energy Investment Fund and that are not less than one megawatt in size, at a price that is either, at the determination of the project owner, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural

gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five and one-half cents per kilowatt hour. In its approval of such contracts, the department shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers **[**or**]** and would enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a attributable to the project. On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty megawatts. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years, and are for projects which began operation on or after July 1, 2003. Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the department's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate. On or before September 1, **[**2007**]** 2011, the department, in consultation with the Office of Consumer Counsel and the Renewable Energy Investments **[**Advisory Council**]** Board, shall study the operation of such renewable energy contracts and report its findings and recommendations to the

joint standing committee of the General Assembly having cognizance of matters relating to energy.

(k) (1) As used in this section:

(A) "Participating electric supplier" means an electric supplier that is licensed by the department to provide electric service, pursuant to this subsection, to residential or small commercial customers.

(B) "Residential customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a residential tariff.

(C) "Small commercial customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a small commercial tariff.

(D) "Qualifying electric offer" means an offer to provide full requirements commodity electric service and all other generation-related service to a residential or small commercial customer at a fixed price per kilowatt hour for a term of no less than one year.

(2) In the manner determined by the department, residential or small commercial service customers (A) initiating new utility service, (B) reinitiating service following a change of residence or business location, (C) making an inquiry regarding their utility rates, or (D) seeking information regarding energy efficiency shall be offered the option to learn about their ability to enroll with a participating electric supplier. Customers expressing an interest to learn about their electric supply options shall be informed of the qualifying electric offers then available from participating electric suppliers. The electric distribution companies shall describe then available qualifying electric offers through a method reviewed and approved by the department. The information conveyed to customers expressing an interest to learn about their electric supply options shall include, at a minimum, the price and term of the available electric supply option. Customers

expressing an interest in a particular qualifying electric offer shall be immediately transferred to a call center operated by that participating electric supplier.

(3) Not later than September 1, 2007, the department shall establish terms and conditions under which a participating electric supplier can be included in the referral program described in subdivision (2) of this subsection. Such terms shall include, but not be limited to, requiring participating electrical suppliers to offer time-of-use and real-time use rates to residential customers.

(4) Each calendar quarter, participating electric suppliers shall be allowed to list qualifying offers to provide electric generation service to residential and small commercial customers with each customer's utility bill. The department shall determine the manner such information is presented in customers' utility bills.

(5) Any customer that receives electric generation service from a participating electric supplier may return to standard service or may choose another participating electric supplier at any time, including during the qualifying electric offer, without the imposition of any additional charges. Any customer that is receiving electric generation service from an electric distribution company pursuant to standard service can switch to another participating electric supplier at any time without the imposition of additional charges.

(l) Each electric distribution company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the Department of **[**Public Utility Control**]** Energy and Environmental Protection.

(m) On or before July 1, 2007, the Department of **[**Public Utility Control**]** Energy and Environmental Protection shall initiate a proceeding to examine whether electric supplier bills rendered

pursuant to section 16-245d, as amended by this act, and any regulations adopted thereunder sufficiently enable customers to compare pricing policies and charges among electric suppliers.

(n) The department shall conduct a proceeding to determine the cost of billing, collection and other services provided by the electric distribution companies or the department solely for the benefit of participating electric suppliers and aggregators. The department shall order an equitable allocation of such costs among electric suppliers and aggregators. As part of this same proceeding, the department shall also determine the costs that the electric distribution companies incur solely for the benefit of standard service and last resort service customers. The department shall allocate and provide for the equitable recovery of such costs from standard service or last resort service customers.

[(n)**]** (o) Nothing in the provisions of this section shall preclude an electric distribution company from entering into standard service supply contracts or standard service supply components with electric generating facilities.

Sec. 7. (NEW) (*Effective July 1, 2011*) (a) On or before January 1, 2012, and annually thereafter, the procurement officer of the Department of Energy and Environmental Protection, in consultation with each electric distribution company and in consultation with others at the procurement officer's discretion, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each procurement plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements

contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.

(b) An electric distribution company shall recover all reasonable and prudent costs incurred in connection with the development and implementation of the approved procurement plan, including costs of contracts entered into in accordance with the plan.

(c) The procurement officer shall, not less than quarterly, meet with the Commissioner of Energy and Environmental Protection and prepare a written report on the implementation of the plan and recommend any necessary adjustments to the plan to address market conditions or to otherwise reduce the costs of standard service. Such quarterly reports shall be public documents. After considering such report and recommendation, the commissioner may amend the plan by written order.

(d) The costs of procurement for standard service shall be borne solely by the standard service customers.

(e) (1) The Department of Energy and Environmental Protection shall conduct an uncontested proceeding to approve, with any amendments it determines necessary, a procurement plan submitted pursuant to subsection (a) of this section.

(2) The Department of Energy and Environmental Protection shall report annually in accordance with the provisions of section 11-4a to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the procurement plan and its implementation.

Sec. 8. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection Bureau of Public Utility Control shall initiate a docket to consider the buy down of an electric distribution company's current standard service contract to reduce ratepayer bills and conduct a cost benefit analysis of such a buy down. If the department, as a result of such docket, determines such a buy down is

in the best interest of ratepayers, the company shall proceed with such buy down.

Sec. 9. Subsection (b) of section 7-233e of the general statutes is amended by adding subdivision (30) as follows (*Effective July 1, 2011*):

(NEW) (30) To bid on standard service pursuant to section 16-244c, as amended by this act.

Sec. 10. (NEW) (*Effective July 1, 2011*) On or before September 1, 2011, the Department of Energy and Environmental Protection shall initiate a request for proposals to consider bilateral purchasing contracts for electricity from existing or new generators, provided such contracts shall be for a term of not less than five years and not more than fifteen years, shall reduce electricity rates by pricing such electricity on a cost-of-service basis, power purchase agreement or other mechanism the department determines to be in the best interest of Connecticut's customers and shall directly, or in combination with other initiatives, provide electricity at lower rates for Connecticut consumers.

Sec. 11. (NEW) (*Effective from passage*) The Department of Energy and Environmental Protection shall prepare a study on the potential costs savings and benefits to ratepayers, including, but not limited to, emissions reductions and repowering some or all of the state's coal-fired and oil-fired generation facilities built before 1990. On or before February 1, 2012, the Department of Energy and Environmental Protection shall submit the study, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 12. (NEW) (*Effective July 1, 2011*) On or before September 1, 2011, the Department of Energy and Environmental Protection shall review any proposed commercial transmission line project (1) in which a Connecticut electric distribution company may have a financial interest, or (2) that may be constructed in whole or in part in this state to determine whether to obtain electricity from such transmission lines

at a rate that will lower electricity rates for Connecticut consumers.

Sec. 13. (NEW) (*Effective July 1, 2011*) On and after July 1, 2011, an electric distribution company, as defined in section 16-1 of the general statutes, shall notify the Department of Energy and Environmental Protection and the joint standing committee of the General Assembly having cognizance of matters relating to energy before such company expresses concerns to the regional independent system operator, as defined in said section 16-1, identifying any reliability issues concerning the system.

Sec. 14. (*Effective from passage*) On or before August 1, 2011, the Department of Energy and Environmental Protection shall initiate a study to identify the impact on Connecticut ratepayers and the New England and state wholesale electric power market of the operation of the regional independent system operator, as defined in section 16-1 of the general statutes, and of Market Rule 1 as promulgated by said regional independent system operator. Such study shall include, but not be limited to, (1) a review of the accountability of said independent system operator to Connecticut ratepayers and energy policymakers, (2) consideration of strategies and mechanisms that may mitigate any adverse impacts Market Rule 1 may have on wholesale generation prices in Connecticut and New England and may reduce Connecticut's reliance on the wholesale power market, including, but not limited to, long-term contracts, (3) consideration of the costs and benefits associated with participating in said independent system operator and any potential benefits of joining another independent system operator or operating outside of the existing independent operator systems, (4) an examination of the framework within the Federal Energy Regulatory Commission that has contributed to the state's high rates, and (5) consideration of methods to foster greater transparency in any such system. On or before January 1, 2012, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, its findings to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 15. (NEW) (*Effective July 1, 2011*) (a) On or before January 1, 2012, the Department of Energy and Environmental Protection Bureau of Energy shall review available financing programs to determine what exists on the state and national levels and recommend how best to establish a state program of financing renewable energy and conservation. The department shall consider various sources of financing, including, but not limited to, mortgages, bonds and the establishment of loan loss reserves to leverage private capital, provided such sources of financing shall not include any ratepayer contribution.

(b) The department shall report, in accordance with the provisions of section 11-4a of the general statutes to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding its review conducted pursuant to subsection (a) of this section.

Sec. 16. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection shall develop with leading research and academic institutions a set of innovation hubs, including, but not limited to, electric vehicle infrastructure and electricity storage.

Sec. 17. (NEW) (*Effective July 1, 2011*) (a) As used in this section:

(1) "Energy improvements" means any renovation or retrofitting of qualifying real property to reduce energy consumption or installation of a renewable energy system to service qualifying real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying real property;

(2) "Qualifying real property" means a single-family or multifamily residential dwelling or a nonresidential commercial or industrial building, regardless of ownership, that a municipality has determined can benefit from energy improvements;

(3) "Property owner" means an owner of qualifying real property who desires to install energy improvements and provides free and

willing consent to the contractual assessment; and

(4) "Sustainable energy program" means a municipal program that authorizes a municipality to enter into contractual assessments on qualifying real property with property owners to finance the purchase and installation of energy improvements to qualifying real property within its municipal boundaries.

(b) Any municipality, that determines it is in the public interest, may establish a sustainable energy program to facilitate the increase of energy efficiency and renewable energy. A municipality shall make such a determination after issuing public notice and providing an opportunity for public comment regarding the establishment of a sustainable energy program.

(c) Notwithstanding the provisions of section 7-374 of the general statutes or any other public or special act that limits or imposes conditions on municipal bond issues, any municipality that establishes a sustainable energy program under this section may issue bonds, as necessary, for the purpose of financing (1) energy improvements; (2) related energy audits; and (3) renewable energy system feasibility studies and the verification of the installation of such improvements. Such financing shall be secured by special contractual assessments on the qualifying real property.

(d) (1) Any municipality that establishes a sustainable energy program pursuant to this section may partner with another municipality or a state agency to (A) maximize the opportunities for accessing public funds and private capital markets for long-term sustainable financing, and (B) secure state or federal funds available for this purpose.

(2) Any municipality that establishes a sustainable energy program and issues bonds pursuant to this section may supplement the security of such bonds with any other legally available funds solely at the municipality's discretion.

(3) Any municipality that establishes a sustainable energy program pursuant to this section may use the services of one or more private, public or quasi-public third-party administrators to provide support for the program.

(e) Before establishing a program under this section, the municipality shall provide notice to the electric distribution company, as defined in section 16-1 of the general statutes, that services the municipality.

(f) If the owner of record of qualifying real property requests financing for energy improvements under this section, the municipality implementing the sustainable energy program shall:

(1) Require performance of an energy audit or renewable energy system feasibility analysis on the qualifying real property before approving such financing;

(2) Enter into a contractual assessment on the qualifying real property with the property owner in a principal amount sufficient to pay the costs of energy improvements and any associated costs the municipality determines will benefit the qualifying real property and may cover any associated costs;

(3) Impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the program; and

(4) Impose requirements and conditions on the financing to ensure timely repayment, including, but not limited to, procedures for placing a lien on a property for which an owner defaults on repayment.

(g) Any assessment levied pursuant to this section shall have a term not to exceed the calculated payback period for the installed energy improvements, as determined by the municipality, and shall have no prepayment penalty. The municipality shall set a fixed rate of interest for the repayment of the principal assessed amount at the time the assessment is made. Such interest rate, as may be supplemented with

state or federal funding as may become available, shall be sufficient to pay the financing costs of the program, including delinquencies.

(h) Assessments levied pursuant to this section and the interest and any penalties thereon shall constitute a lien against the qualifying real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the general taxes of the municipality on real property, including, in the event of default or delinquency, with respect to any penalties and remedies and lien priorities, provided such lien shall not have priority over any prior mortgages.

(i) The area encompassing the sustainable energy program in a municipality may be the entire municipal jurisdiction of the municipality or a subset of such.

Sec. 18. Subparagraph (B) of subdivision (6) of subsection (c) of section 7-148 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(B) (i) Lay out, construct, reconstruct, repair, maintain, operate, alter, extend and discontinue sewer and drainage systems and sewage disposal plants;

(ii) Enter into or upon any land for the purpose of correcting the flow of surface water through watercourses which prevent, or may tend to prevent, the free discharge of municipal highway surface water through said courses;

(iii) Regulate the laying, location and maintenance of gas pipes, water pipes, drains, sewers, poles, wires, conduits and other structures in the streets and public places of the municipality;

(iv) Prohibit and regulate the discharge of drains from roofs of buildings over or upon the sidewalks, streets or other public places of the municipality or into sanitary sewers;

(v) Enter into performance-based energy contracts;

Sec. 19. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection shall require the Energy Conservation Management Board, the Renewable Energy Investments Board and electric distribution companies, as defined in section 16-1 of the general statutes, to establish a program to provide financial assistance for energy conservation and load management projects to electric distribution company customers in underserved communities. The aggregate financial assistance such program shall provide shall be in an amount equal to at least three per cent of the moneys collected for the Energy Conservation and Load Management Fund and at least three per cent of the moneys collected for the Renewable Energy Investment Fund pursuant to sections 16-245m and 16-245n of the general statutes. Such funds shall be provided for programs directly benefiting residential or small business electric customers in underserved communities. The moneys for the program shall be derived (1) initially from, if available, the federal American Recovery and Reinvestment Act of 2009, and (2) for conservation projects from the Energy Conservation and Load Management Fund and renewable energy projects from the Renewable Energy Investment Fund. Such program shall include a job training component for existing or potential minority business enterprises, as defined in section 4a-60g of the general statutes. For the purposes of this section, "underserved communities" means municipalities meeting the criteria set forth in subsection (a) of section 32-70 of the general statutes. The department shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2012, and annually thereafter, regarding the program established pursuant to this section.

Sec. 20. Section 16a-48 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) As used in this section:

(1) **[**"Office" means the Office of Policy and Management**]**

"Department" means the Department of Energy and Environmental Protection;

(2) "Fluorescent lamp ballast" or "ballast" means a device designed to operate fluorescent lamps by providing a starting voltage and current and limiting the current during normal operation, but does not include such devices that have a dimming capability or are intended for use in ambient temperatures of zero degrees Fahrenheit or less or have a power factor of less than sixty-one hundredths for a single F40T12 lamp;

(3) "F40T12 lamp" means a tubular fluorescent lamp that is a nominal forty-watt lamp, with a forty-eight-inch tube length and one and one-half inches in diameter;

(4) "F96T12 lamp" means a tubular fluorescent lamp that is a nominal seventy-five-watt lamp with a ninety-six-inch tube length and one and one-half inches in diameter;

(5) "Luminaire" means a complete lighting unit consisting of a fluorescent lamp, or lamps, together with parts designed to distribute the light, to position and protect such lamps, and to connect such lamps to the power supply;

(6) "New product" means a product that is sold, offered for sale, or installed for the first time and specifically includes floor models and demonstration units;

(7) **[**"Secretary" means the Secretary of the Office of Policy and Management**]** "Commissioner" means the Commissioner of Energy and Environmental Protection;

(8) "State Building Code" means the building code adopted pursuant to section 29-252;

(9) "Torchiere lighting fixture" means a portable electric lighting fixture with a reflector bowl giving light directed upward so as to give indirect illumination;

(10) "Unit heater" means a self-contained, vented fan-type commercial space heater that uses natural gas or propane and that is designed to be installed without ducts within the heated space. "Unit heater" does not include a product regulated by federal standards pursuant to 42 USC 6291, as amended from time to time, a product that is a direct vent, forced flue heater with a sealed combustion burner, or any oil fired heating system;

(11) "Transformer" means a device consisting of two or more coils of insulated wire that transfers alternating current by electromagnetic induction from one coil to another in order to change the original voltage or current value;

(12) "Low-voltage dry-type transformer" means a transformer that: (A) Has an input voltage of six hundred volts or less; (B) is between fourteen kilovolt-amperes and two thousand five hundred one kilovolt-amperes in size; (C) is air-cooled; and (D) does not use oil as a coolant. "Low-voltage dry-type transformer" does not include such transformers excluded from the low-voltage dry-type distribution transformer definition contained in the California Code of Regulations, Title 20: Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations;

(13) "Pass-through cabinet" means a refrigerator or freezer with hinged or sliding doors on both the front and rear of the refrigerator or freezer;

(14) "Reach-in cabinet" means a refrigerator, freezer, or combination thereof, with hinged or sliding doors or lids;

(15) "Roll-in" or "roll-through cabinet" means a refrigerator or freezer with hinged or sliding doors that allows wheeled racks of product to be rolled into or through the refrigerator or freezer;

(16) "Commercial refrigerators and freezers" means reach-in cabinets, pass-through cabinets, roll-in cabinets and roll-through cabinets that have less than eighty-five feet of capacity, which are

designed for the refrigerated or frozen storage of food and food products;

(17) "Traffic signal module" means a standard eight-inch or twelve-inch round traffic signal indicator consisting of a light source, lens and all parts necessary for operation and communication of movement messages to drivers through red, amber and green colors;

(18) "Illuminated exit sign" means an internally illuminated sign that is designed to be permanently fixed in place and used to identify an exit by means of a light source that illuminates the sign or letters from within where the background of the exit sign is not transparent;

(19) "Packaged air-conditioning equipment" means air-conditioning equipment that is built as a package and shipped as a whole to end-user sites;

(20) "Large packaged air-conditioning equipment" means air-cooled packaged air-conditioning equipment having not less than two hundred forty thousand BTUs per hour of capacity;

(21) "Commercial clothes washer" means a soft mount front-loading or soft mount top-loading clothes washer that is designed for use in (A) applications where the occupants of more than one household will be using it, such as in multifamily housing common areas and coin laundries; or (B) other commercial applications, if the clothes container compartment is no greater than three and one-half cubic feet for horizontal-axis clothes washers or no greater than four cubic feet for vertical-axis clothes washers;

(22) "Energy efficiency ratio" means a measure of the relative efficiency of a heating or cooling appliance that is equal to the unit's output in BTUs per hour divided by its consumption of energy, measured in watts;

(23) "Electricity ratio" means the ratio of furnace electricity use to total furnace energy use;

(24) "Boiler" means a space heater that is a self-contained appliance for supplying steam or hot water primarily intended for space-heating. "Boiler" does not include hot water supply boilers;

(25) "Central furnace" means a self-contained space heater designed to supply heated air through ducts of more than ten inches in length;

(26) "Residential furnace or boiler" means a product that utilizes only single-phase electric current or single-phase electric current or DC current in conjunction with natural gas, propane or home heating oil and that (A) is designed to be the principal heating source for the living space of a residence; (B) is not contained within the same cabinet as a central air conditioner with a rated cooling capacity of not less than sixty-five thousand BTUs per hour; (C) is an electric central furnace, electric boiler, forced-air central furnace, gravity central furnace or low pressure steam or hot water boiler; and (D) has a heat input rate of less than three hundred thousand BTUs per hour for an electric boiler and low pressure steam or hot water boiler and less than two hundred twenty-five thousand BTUs per hour for a forced-air central furnace, gravity central furnace and electric central furnace;

(27) "Furnace air handler" means the section of the furnace that includes the fan, blower and housing, generally upstream of the burners and heat exchanger. The furnace air handler may include a filter and a cooling coil;

(28) "High-intensity discharge lamp" means a lamp in which light is produced by the passage of an electric current through a vapor or gas, the light-producing arc is stabilized by bulb wall temperature and the arc tube has a bulb wall loading in excess of three watts per square centimeter;

(29) "Metal halide lamp" means a high intensity discharge lamp in which the major portion of the light is produced by radiation of metal halides and their products of dissociation, possibly in combination with metallic vapors;

(30) "Metal halide lamp fixture" means a light fixture designed to be operated with a metal halide lamp and a ballast for a metal halide lamp;

(31) "Probe start metal halide ballast" means a ballast used to operate metal halide lamps that does not contain an ignitor and that instead starts lamps by using a third starting electrode probe in the arc tube;

(32) "Single voltage external AC to DC power supply" means a device that (A) is designed to convert line voltage AC input into lower voltage DC output; (B) is able to convert to only one DC output voltage at a time; (C) is sold with, or intended to be used with, a separate end-use product that constitutes the primary power load; (D) is contained within a separate physical enclosure from the end-use product; (E) is connected to the end-use product in a removable or hard-wired male and female electrical connection, cable, cord or other wiring; (F) does not have batteries or battery packs, including those that are removable or that physically attach directly to the power supply unit; (G) does not have a battery chemistry or type selector switch and indicator light or a battery chemistry or type selector switch and a state of charge meter; and (H) has a nameplate output power less than or equal to two hundred fifty watts;

(33) "State regulated incandescent reflector lamp" means a lamp that is not colored or designed for rough or vibration service applications, has an inner reflective coating on the outer bulb to direct the light, has an E26 medium screw base, a rated voltage or voltage range that lies at least partially within one hundred fifteen to one hundred thirty volts, and that falls into one of the following categories: (A) A bulged reflector or elliptical reflector or a blown PAR bulb shape and that has a diameter that equals or exceeds two and one-quarter inches, or (B) a reflector, parabolic aluminized reflector, bulged reflector or similar bulb shape and that has a diameter of two and one-quarter to two and three-quarters inches. "State regulated incandescent reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of not more than

fifty watts, BR30, BR40 and ER40 lamps of sixty-five watts and R20 lamps of not more than forty-five watts;

(34) "Bottle-type water dispenser" means a water dispenser that uses a bottle or reservoir as the source of potable water;

(35) "Commercial hot food holding cabinet" means a heated, fully-enclosed compartment with one or more solid or partial glass doors that is designed to maintain the temperature of hot food that has been cooked in a separate appliance. "Commercial hot food holding cabinet" does not include heated glass merchandizing cabinets, drawer warmers or cook-and-hold appliances;

(36) "Pool heater" means an appliance designed for heating nonpotable water contained at atmospheric pressure for swimming pools, spas, hot tubs and similar applications, including natural gas, heat pump, oil and electric resistance pool heaters;

(37) "Portable electric spa" means a factory-built electric spa or hot tub supplied with equipment for heating and circulating water;

(38) "Residential pool pump" means a pump used to circulate and filter pool water to maintain clarity and sanitation;

(39) "Walk-in refrigerator" means a space refrigerated to temperatures at or above thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the refrigerated storage of food and food products. "Walk-in refrigerator" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research purposes;

(40) "Walk-in freezer" means a space refrigerated to temperatures below thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the frozen storage of food and food products. "Walk-in freezer" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research

purposes;

(41) "Central air conditioner" means a central air conditioning model that consists of one or more factory-made assemblies, which normally include an evaporator or cooling coil, compressor and condenser. Central air conditioning models may provide the function of air cooling, air cleaning, dehumidifying or humidifying;

(42) "Combination television" means a system in which a television or television monitor and an additional device or devices, including, but not limited to, a digital versatile disk player or video cassette recorder, are combined into a single unit in which the additional devices are included in the television casing;

(43) "Compact audio player" means an integrated audio system encased in a single housing that includes an amplifier and radio tuner with attached or separable speakers and can reproduce audio from one or more of the following media: Magnetic tape, compact disk, digital versatile disk or flash memory. "Compact audio player" does not mean a product that can be independently powered by internal batteries, has a powered external satellite antenna or can provide a video output signal;

(44) "Component television" means a television composed of two or more separate components, such as a separate display device and tuner, marketed and sold as a television under one model or system designation, which may have more than one power cord;

(45) "Computer monitor" means an analog or digital device designed primarily for the display of computer generated signals and that is not marketed for use as a television;

(46) "Digital versatile disc" means a laser-encoded plastic medium capable of storing a large amount of digital audio, video and computer data;

(47) "Digital versatile disc player" means a commercially available electronic product encased in a single housing that includes an integral

power supply and for which the sole purpose is the decoding of digitized video signals;

(48) "Digital versatile disc recorder" means a commercially available electronic product encased in a single housing that includes an integral power supply and for which the sole purpose is the production or recording of digitized audio, video and computer signals on a digital versatile disk. "Digital versatile disk recorder" does not include a model that has an electronic programming guide function;

(49) "Television" means an analog or digital device designed primarily for the display and reception of a terrestrial, satellite, cable, internet protocol television or other broadcast or recorded transmission of analog or digital video and audio signals. "Television" includes combination televisions, television monitors, component televisions and any unit that is marketed to consumers as a television but does not include a computer monitor;

(50) "Television monitor" means a television that does not have an internal tuner/receiver or playback device.

(b) The provisions of this section apply to the testing, certification and enforcement of efficiency standards for the following types of new products sold, offered for sale or installed in the state: (1) Commercial clothes washers; (2) commercial refrigerators and freezers; (3) illuminated exit signs; (4) large packaged air-conditioning equipment; (5) low voltage dry-type distribution transformers; (6) torchiere lighting fixtures; (7) traffic signal modules; (8) unit heaters; (9) residential furnaces and boilers; (10) residential pool pumps; (11) metal halide lamp fixtures; (12) single voltage external AC to DC power supplies; (13) state regulated incandescent reflector lamps; (14) bottle-type water dispensers; (15) commercial hot food holding cabinets; (16) portable electric spas; (17) walk-in refrigerators and walk-in freezers; (18) pool heaters; **[**and**]** (19) compact audio players; (20) televisions; (21) digital versatile disc players; (22) digital versatile disc recorders; and (23) any other products as may be designated by the office in accordance with subdivision (3) of subsection (d) of this section.

(c) The provisions of this section do not apply to (1) new products manufactured in the state and sold outside the state, (2) new products manufactured outside the state and sold at wholesale inside the state for final retail sale and installation outside the state, (3) products installed in mobile manufactured homes at the time of construction, or (4) products designed expressly for installation and use in recreational vehicles.

(d) (1) The **[**office, in consultation with the Department of Public Utility Control,**]** department shall adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section and to establish minimum energy efficiency standards for the types of new products set forth in subsection (b) of this section. The regulations shall provide for the following minimum energy efficiency standards:

(A) Commercial clothes washers shall meet the requirements shown in Table P-3 of section 1605.3 of the California Code of Regulations, Title 20: Division 2, Chapter 4, Article 4;

(B) Commercial refrigerators and freezers shall meet the August 1, 2004, requirements shown in Table A-6 of said California regulation;

(C) Illuminated exit signs shall meet the version 2.0 product specification of the "Energy Star Program Requirements for Exit Signs" developed by the United States Environmental Protection Agency;

(D) Large packaged air-conditioning equipment having not more than seven hundred sixty thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 10.0 for units using both electric heat and air conditioning or units solely using electric air conditioning, and 9.8 for units using both natural gas heat and electric air conditioning;

(E) Large packaged air-conditioning equipment having not less than seven hundred sixty-one thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 9.7 for units using both

electric heat and air conditioning or units solely using electric air conditioning, and 9.5 for units using both natural gas heat and electric air conditioning;

(F) Low voltage dry-type distribution transformers shall meet or exceed the energy efficiency values shown in Table 4-2 of the National Electrical Manufacturers Association Standard TP-1-2002;

(G) Torchiere lighting fixtures shall not consume more than one hundred ninety watts and shall not be capable of operating with lamps that total more than one hundred ninety watts;

(H) Traffic signal modules shall meet the product specification of the "Energy Star Program Requirements for Traffic Signals" developed by the United States Environmental Protection Agency that took effect in February, 2001, except where the department, in consultation with the Commissioner of Transportation, determines that such specification would compromise safe signal operation;

(I) Unit heaters shall not have pilot lights and shall have either power venting or an automatic flue damper;

(J) On or after January 1, 2009, residential furnaces and boilers purchased by the state shall meet or exceed the following annual fuel utilization efficiency: (i) For gas and propane furnaces, ninety per cent annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per cent annual fuel utilization efficiency, (iii) for gas and propane hot water boilers, eighty-four per cent annual fuel utilization efficiency, (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel utilization efficiency, (v) for gas and propane steam boilers, eighty-two per cent annual fuel utilization efficiency, (vi) for oil-fired steam boilers, eighty-two per cent annual fuel utilization efficiency, and (vii) for furnaces with furnace air handlers, an electricity ratio of not more than 2.0, except air handlers for oil furnaces with a capacity of less than ninety-four thousand BTUs per hour shall have an electricity ratio of 2.3 or less;

(K) On or after January 1, 2010, metal halide lamp fixtures designed to be operated with lamps rated greater than or equal to one hundred fifty watts but less than or equal to five hundred watts shall not contain a probe-start metal halide lamp ballast;

(L) Single-voltage external AC to DC power supplies manufactured on or after January 1, 2008, shall meet the energy efficiency standards of table U-1 of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations. This standard applies to single voltage AC to DC power supplies that are sold individually and to those that are sold as a component of or in conjunction with another product. This standard shall not apply to single voltage external AC to DC power supplies sold with products subject to certification by the United States Food and Drug Administration. A single-voltage external AC to DC power supply that is made available by a manufacturer directly to a consumer or to a service or repair facility after and separate from the original sale of the product requiring the power supply as a service part or spare part shall not be required to meet the standards in said table U-1 until five years after the effective dates indicated in the table;

(M) On or after January 1, 2009, state regulated incandescent reflector lamps shall be manufactured to meet the minimum average lamp efficacy requirements for federally-regulated incandescent reflector lamps contained in 42 USC 6295(i)(1)(A). Each lamp shall indicate the date of manufacture;

(N) On or after January 1, 2009, bottle-type water dispensers, commercial hot food holding cabinets, portable electric spas, walk-in refrigerators and walk-in freezers shall meet the efficiency requirements of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations. On or after January 1, 2010, residential pool pumps shall meet said efficiency requirements;

(O) On or after January 1, 2009, pool heaters shall meet the efficiency requirements of sections 1605.1 and 1605.3 of the January

2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations;

(P) On or after January 1, 2014, compact audio players, digital versatile disc players and digital versatile disc recorders shall meet the requirements shown in Table V-1 of Section 1605.3 of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4;

(Q) On or after January 1, 2014, televisions manufactured on or after the effective date of this section shall meet the requirements shown in Table V-2 of Section 1605.3 of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4;

(R) In addition to the requirements of subparagraph (Q) of this subdivision, televisions manufactured on or after January 1, 2014, shall meet the efficiency requirements of Sections 1605.3(v)(3)(A), 1605.3(v)(3)(B) and 1605.3(v)(3)(C) of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4.

(2) Such efficiency standards, where in conflict with the State Building Code, shall take precedence over the standards contained in the Building Code. Not later than July 1, 2007, and biennially thereafter, the **[**office, in consultation with the Department of Public Utility Control,**]** department shall review and increase the level of such efficiency standards by adopting regulations in accordance with the provisions of chapter 54 upon a determination that increased efficiency standards would serve to promote energy conservation in the state and would be cost-effective for consumers who purchase and use such new products, provided no such increased efficiency standards shall become effective within one year following the adoption of any amended regulations providing for such increased efficiency standards.

(3) (A) The **[**office, in consultation with the Department of Public

Utility Control,**]** department shall adopt regulations, in accordance with the provisions of chapter 54, to designate additional products to be subject to the provisions of this section and to establish efficiency standards for such products upon a determination that such efficiency standards **[**(A)**]** (i) would serve to promote energy conservation in the state, **[**(B)**]** (ii) would be cost-effective for consumers who purchase and use such new products, and **[**(C)**]** (iii) that multiple products are available which meet such standards, provided no such efficiency standards shall become effective within one year following their adoption pursuant to this subdivision.

(B) The department, in consultation with the Multi-State Appliance Standards Collaborative, shall identify additional appliance and equipment efficiency standards. Not later than six months after adoption of an efficiency standard by a cooperative member state regarding a product for which no equivalent Connecticut or federal standard currently exists, the department shall adopt regulations in accordance with the provisions of chapter 54 adopting such efficiency standard unless the department makes a specific finding that such standard does not meet the criteria in subparagraph (A) of this subdivision.

(e) On or after July 1, 2006, except for commercial clothes washers, for which the date shall be July 1, 2007, commercial refrigerators and freezers, for which the date shall be July 1, 2008, and large packaged air-conditioning equipment, for which the date shall be July 1, 2009, no new product of a type set forth in subsection (b) of this section or designated by the office may be sold, offered for sale, or installed in the state unless the energy efficiency of the new product meets or exceeds the efficiency standards set forth in such regulations adopted pursuant to subsection (d) of this section.

(f) The **[**office, in consultation with the Department of Public Utility Control,**]** department shall adopt procedures for testing the energy efficiency of the new products set forth in subsection (b) of this section or designated by the department if such procedures are not provided

for in the State Building Code. The [office] department shall use United States Department of Energy approved test methods, or in the absence of such test methods, other appropriate nationally recognized test methods. The manufacturers of such products shall cause samples of such products to be tested in accordance with the test procedures adopted pursuant to this subsection or those specified in the State Building Code.

(g) Manufacturers of new products set forth in subsection (b) of this section or designated by the [office] department shall certify to the [secretary] commissioner that such products are in compliance with the provisions of this section, except that certification is not required for single voltage external AC to DC power supplies and walk-in refrigerators and walk-in freezers. All single voltage external AC to DC power supplies shall be labeled as described in the January 2006 California Code of Regulations, Title 20, Section 1607 (9). The [office, in consultation with the Department of Public Utility Control,] department shall promulgate regulations governing the certification of such products. The [secretary] commissioner shall publish an annual list of such products.

(h) The Attorney General may institute proceedings to enforce the provisions of this section. Any person who violates any provision of this section shall be subject to a civil penalty of not more than two hundred fifty dollars. Each violation of this section shall constitute a separate offense, and each day that such violation continues shall constitute a separate offense.

Sec. 21. Section 16-243i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The Department of [Public Utility Control] Energy and Environmental Protection shall, not later than January 1, [2006] 2012, establish a program to [grant awards to retail end use customers of electric distribution companies to fund the capital costs of obtaining projects of customer-side distributed resources, as defined in section 16-1. Any project shall receive a one-time, nonrecurring award in an

amount of not less than two hundred dollars and not more than five hundred dollars per kilowatt of capacity for such customer-side distributed resources, recoverable from federally mandated congestion charges, as defined in section 16-1. No such award may be made unless the projected reduction in federally mandated congestion charges attributed to the project for such distributed resources is greater than the amount of the award. The amount of an award shall depend on the impact that the customer-side distributed resources project has on reducing federally mandated congestion charges, as defined in section 16-1. Not later than October 1, 2005, the department shall conduct a contested case proceeding, in accordance with chapter 54, to establish additional standards for the amount of such awards and additional criteria and the process for making such awards.

(b) The Department of Public Utility Control shall, not later than January 1, 2006, establish a program to grant to an electric distribution company a one-time, nonrecurring award to educate, assist and promote investments in customer-side distributed resources developed in such company's service territory, which resources the department determines will reduce federally mandated congestion charges, in accordance with the following: (1) On or before January 1, 2008, two hundred dollars per kilowatt of such resources, (2) on or before January 1, 2009, one hundred fifty dollars per kilowatt of such resources, (3) on or before January 1, 2010, one hundred dollars per kilowatt of such resources, and (4) fifty dollars per kilowatt of such resources thereafter. Payment of the award shall be made at the time each such resource becomes operational. The cost of the award shall be recoverable from federally mandated congestion charges. Revenues from such awards shall not be included in calculating the electric distribution company's earnings for the purpose of determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e**]** promote the development of new combined heat and power projects in Connecticut through low-interest loans, grants or power purchase agreements. The amount of such loans, grants or power purchase agreements shall be determined by the department on an individualized basis for each proposed combined heat and power

project with the goal of minimizing costs to the general class of ratepayers, ensuring that the project developer has a significant share of the financial burden and risk, while ensuring the development of projects that benefit Connecticut's economy, ratepayers or environment. The department shall determine if the benefits of any such project to Connecticut's ratepayers, economy or environment are sufficient to justify ratepayer investment. The program established pursuant to this subsection shall not exceed two hundred fifty megawatts, and the department shall review the program annually. If the department determines during an annual review that the net cost to ratepayers of this program exceeds twenty-five million dollars, the department shall not approve additional projects that require ratepayer subsidies. For purposes of department review of the net cost to ratepayers of the program, the department shall take into account both (1) the benefits of any power purchase agreements for ratepayers, any estimated benefits of avoided costs of building alternative electric infrastructure, or other benefits, and (2) the costs of all ratepayer subsidies, the cost of power purchase agreements, and other costs.

(b) (1) The Department of Energy and Environmental Protection shall on or before March 1, 2012, establish a program to promote the development of new combined heat and power projects in Connecticut that are below three megawatts in capacity size. The department shall set one or more standardized grant amounts, loan amounts and power purchase agreements for such projects to limit the administrative burden of project approvals for the department and the project proponent. Such standardized provisions shall seek to minimize costs for the general class of ratepayers, ensuring that the project developer has a significant share of the financial burden and risk, while ensuring the development of projects that benefit Connecticut's economy, ratepayers, or environment. The department may in its discretion decline to support a proposed project if the benefits of such project to Connecticut's ratepayers, economy or environment, including emissions reductions, are too meager to justify ratepayer or taxpayer investment.

(2) The program established pursuant to this subsection shall not exceed fifty megawatts, and the department shall review the program annually. If the department determines during an annual review that the net cost to ratepayers of this program exceeds fifteen million dollars, the department shall not approve additional projects that require ratepayer subsidies. For purposes of department review of the net cost to ratepayers of the program, the department shall take into account both (A) the benefits of any power purchase agreements for ratepayers, any estimated benefits of avoided costs of building alternative electric infrastructure, or other benefits, and (B) the costs of all ratepayer subsidies, the cost of power purchase agreements, and other costs.

Sec. 22. Subsection (g) of section 16-245 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(g) As conditions of continued licensure, in addition to the requirements of subsection (c) of this section: (1) The licensee shall comply with the National Labor Relations Act and regulations, if applicable; (2) the licensee shall comply with the Connecticut Unfair Trade Practices Act and applicable regulations; (3) each generating facility operated by or under long-term contract to the licensee shall comply with regulations adopted by the Commissioner of Energy and Environmental Protection, pursuant to section 22a-174j; (4) the licensee shall comply with the portfolio standards, pursuant to section 16-245a; (5) the licensee shall be a member of the New England Power Pool or its successor or have a contractual relationship with one or more entities who are members of the New England Power Pool or its successor and the licensee shall comply with the rules of the regional independent system operator and standards and any other reliability guidelines of the regional independent systems operator; (6) the licensee shall agree to cooperate with the department and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of electric service; (7) the licensee shall comply with the code of conduct established pursuant to section 16-244h; (8)

for a license to a participating municipal electric utility, the licensee shall provide open and nondiscriminatory access to its distribution facilities to other licensed electric suppliers; (9) the licensee or the entity or entities with whom the licensee has a contractual relationship to purchase power shall be in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission; (10) each generating facility operated by or under long-term contract to the licensee shall be in compliance with chapter 277a and state environmental laws and regulations; (11) the licensee shall comply with the renewable portfolio standards established in section 16-245a; (12) the licensee shall offer a time-of-use rate option to customers that provides for a peak period use rate of at least a five hundred per cent increase in the standard nonpeak use rate. Such peak period shall be not more than four hours in any twenty-four-hour period. The standard nonpeak use rate under this option shall be less than the standard use rate offer by such supplier to the customer. Nothing in this subdivision shall preclude such supplier from offering other time of use options; and **[**(12)**]** (13) the licensee shall acknowledge that it is subject to chapters 208, 212, 212a and 219, as applicable, and the licensee shall pay all taxes it is subject to in this state. Also as a condition of licensure, the department shall prohibit each licensee from declining to provide service to customers for the reason that the customers are located in economically distressed areas. The department may establish additional reasonable conditions to assure that all retail customers will continue to have access to electric generation services.

Sec. 23. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection shall require each electric distribution company to notify its customers on an ongoing basis regarding the availability of time-of-use meters, if applicable.

Sec. 24. (NEW) (*Effective July 1, 2011*) (a) For the two-year period starting January 1, 2012, and ending June 30, 2014, the aggregate net annual cost recovered from electric ratepayers pursuant to sections 25 to 30, inclusive, of this act, shall not exceed one-half of one per cent of

total retail electricity sales revenues of each electric distribution company. For the two-year period starting July 1, 2014, and ending June 30, 2016, the aggregate net annual cost recovered from electric ratepayers pursuant to sections 25 to 30, inclusive, of this act and subsection (i) of section 16-245n of the general statutes shall not exceed three-fourths of one per cent of total retail electricity sales revenues of each electric distribution company. For each twelve-month period starting July 1, 2016, and every July first thereafter for the duration of the solar programs established pursuant to sections 25 to 30, inclusive, of this act and subsection (i) of section 16-245n of the general statutes the aggregate net cost of such programs recovered from electric ratepayers shall not exceed one per cent of total retail electricity sales revenues of each electric distribution company.

(b) The Department of Energy and Environmental Protection shall net out the incentives paid by the Renewable Energy Investment Fund pursuant to section 16-245n of the general statutes for solar deployment programs against the aggregate annual costs identified in this section.

(c) The Department of Energy and Environmental Protection shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy when the annual cost cap is within twenty per cent of being exceeded. If the department projects that the annual cost cap of the solar programs established pursuant to sections 25 to 30, inclusive, of this act will be exceeded, the department shall take measures to ensure such cap will not be exceeded. Such measures may include: (1) Delay or modify the development of solar electric generating facilities by electric distribution companies pursuant to subsection (e) of section 28 of this act; (2) temporarily suspend the availability of production-based incentives to customers not already eligible to receive such incentives under section 28 of this act; and (3) extend the scheduled electric distribution company solar renewable energy credit procurement plans under subsection (i) of section 16-245n of the general statutes. If the department determines that cost mitigation measures are required, it shall reduce

proportionally the annual funding for the programs identified in subdivisions (1) to (3), inclusive, of this subsection and only to the extent required to bring projected annual costs below the cost cap.

(d) On or before January 1, 2015, the Department of Energy and Environmental Protection shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on the cost and charges involved in the implementation of this program, including a cost-benefit analysis.

Sec. 25. (NEW) (*Effective July 1, 2011*) (a) The Renewable Energy Investments Board, created in section 16-245n of the general statutes, shall structure and implement a residential solar investment program pursuant to this section, which shall result in a minimum of thirty megawatts of new residential solar photovoltaic installations located in this state on or before December 31, 2022. For the purposes of this section and sections 17 and 33 of this act, "residential" means dwellings with one to four units.

(b) The Renewable Energy Investments Board shall offer direct financial incentives, in the form of performance-based incentives or expected performance-based buydowns, for the purchase or lease of qualifying residential solar photovoltaic systems. For the purposes of this section, "performance-based incentives" means incentives paid out on a per kilowatt-hour basis, and "expected performance-based buydowns" means incentives paid out as a one-time upfront incentive based on expected system performance. The board shall consider willingness to pay studies and verified solar photovoltaic system characteristics, such as operational efficiency, size, location, shading and orientation, when determining the type and amount of incentive. Notwithstanding the provisions of subdivision (1) of subsection (j) of section 16-244c of the general statutes, as amended by this act, the amount of renewable energy produced from Class I renewable energy sources receiving tariff payments or included in utility rates under this section shall be applied to reduce the electric distribution company's Class I renewable energy source portfolio standard.

(c) Beginning with the comprehensive plan covering the period from July 1, 2011, to June 30, 2013, the Renewable Energy Investments Board shall develop and publish in each such plan a proposed schedule for the offering of performance-based incentives or expected performance-based buydowns over the duration of any such solar incentive program. Such schedule shall: (1) Provide for a series of solar capacity blocks the combined total of which shall be a minimum of thirty megawatts and projected incentive levels for each such block; (2) provide incentives that are sufficient to meet reasonable payback expectations of the residential consumer, taking into consideration the estimated cost of residential solar installations, the value of the energy offset by the system and the availability and estimated value of other incentives, including, but not limited to, federal and state tax incentives and revenues from the sale of solar renewable energy credits; (3) provide incentives that decline over time and will foster the sustained, orderly development of a state-based solar industry; (4) automatically adjust to the next block once the board has issued reservations for financial incentives provided pursuant to this section from the board fully committing the target solar capacity and available incentives in that block; and (5) provide comparable economic incentives for the purchase or lease of qualifying residential solar photovoltaic systems. The board may retain the services of a third-party entity with expertise in the area of solar energy program design to assist in the development of the incentive schedule or schedules. The department shall review and approve such schedule. Nothing in this subsection shall restrict the board from modifying the approved incentive schedule before the issuance of its next comprehensive plan to account for changes in federal or state law or regulation or developments in the solar market when such changes would affect the expected return on investment for a typical residential solar photovoltaic system by twenty per cent or more.

(d) The Renewable Energy Investments Board shall establish and periodically update program guidelines, including, but not limited to, requirements for systems and program participants related to: (1) Eligibility criteria; (2) standards for deployment of energy efficient

equipment or building practices as a condition for receiving incentive funding; (3) procedures to provide reasonable assurance that such reservations are made and incentives are paid out only to qualifying residential solar photovoltaic systems demonstrating a high likelihood of being installed and operated as indicated in application materials; and (4) reasonable protocols for the measurement and verification of energy production.

(e) The Renewable Energy Investments Board shall maintain on its web site the schedule of incentives, solar capacity remaining in the current block and available funding and incentive estimators.

(f) Funding for the residential performance-based incentive program and expected performance-based buydowns shall be apportioned from the moneys collected under the surcharge specified in section 16-245n of the general statutes, provided such apportionment shall not exceed one-third of the total surcharge collected annually, and supplemented by federal funding as may become available.

(g) The Renewable Energy Investments Board shall identify barriers to the development of a permanent Connecticut-based solar workforce and shall make provision for comprehensive training, accreditation and certification programs through institutions and individuals accredited and certified to national standards.

(h) On or before January 1, 2014, and every two years thereafter for the duration of the program, the Renewable Energy Investments Board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on progress toward the goals identified in subsection (a) of this section.

Sec. 26. (NEW) (*Effective July 1, 2011*) (a) Commencing on January 1, 2012, and within the period established in subsection (a) of section 27 of this act, each electric distribution company shall solicit and file with the Department of Energy and Environmental Protection for its approval, one or more long-term power purchase contracts with

owners or developers of customer-sited solar photovoltaic generation projects that are less than two thousand kilowatts in size, located on the customer side of the revenue meter and serve the distribution system of the electric distribution company.

(b) Solicitations conducted by the electric distribution company shall be for the purchase of solar renewable energy credits produced by eligible customer-sited solar photovoltaic generating projects over the duration of the long-term contract. For purposes of this section, a long-term contract is a contract for a minimum of fifteen years. The electric distribution company may solicit proposals for a combination of renewable energy and associated solar renewable energy credits.

(c) The aggregate procurement of solar renewable energy credits by electric distribution companies pursuant to this section shall be no less than four million three hundred fifty thousand. The production of a megawatt hour of electricity from a Class I solar renewable energy source first placed in service on or after the effective date of this section shall create one solar renewable energy credit. A solar renewable energy credit shall have an effective life covering the year in which the credit was created and the following calendar year. The obligation to purchase solar renewable energy credits shall be apportioned to electric distribution companies based on their respective distribution system loads at the commencement of the procurement period, as determined by the department. An electric distribution company shall not be required to enter into a contract that provides a payment of more than three hundred fifty dollars per megawatt hour over the term of the contract.

(d) Notwithstanding subdivision (1) of subsection (j) of section 16-244c of the general statutes, as amended by this act, an electric distribution company may retire the solar renewable energy credits it procures through long-term contracting to satisfy its obligation pursuant to section 16-245a of the general statutes.

(e) Nothing in this section shall preclude the resale or other disposition of energy or associated solar renewable energy credits

purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or solar renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the department.

Sec. 27. (NEW) (*Effective July 1, 2011*) (a) Each electric distribution company shall, not later than one hundred eighty days after the effective date of this section, propose a five-year solar solicitation plan that shall include a timetable and methodology for soliciting proposals for long-term solar renewable energy credits or energy contracts from in-state generators and that shall end in calendar year 2022. The electric distribution company's solar solicitation plan shall be subject to the review and approval of the department, provided contracts comprising no less than twenty-five per cent of the electric distribution company's obligation shall be submitted for department approval on or before January 1, 2013, no less than fifty per cent of such obligation shall be submitted for such approval on or before July 1, 2015, and no less than seventy-five per cent of such obligation shall be submitted for such approval on or before July 1, 2017.

(b) The electric distribution company's approved solar solicitation plan shall be designed to foster a diversity of solar project sizes and participation among all eligible customer classes subject to cost-effectiveness considerations. Separate procurement processes shall be conducted for (1) systems up to fifty kilowatts; (2) systems greater than fifty kilowatts but less than two hundred kilowatts; and (3) systems between two hundred and two thousand kilowatts. The Department of Energy and Environmental Protection shall give preference to competitive bidding for resources of more than fifty kilowatts, unless the department determines that an alternative methodology is in the best interests of the electric distribution company's customers and the development of a competitive and self-sustaining solar market. Systems up to fifty kilowatts in size shall be eligible to receive, on an ongoing and continuous basis, a solar renewable energy credit offer

price equivalent to the weighted average accepted bid price in the most recent solicitation for systems greater than fifty kilowatts but less than two hundred kilowatts, plus an additional incentive of ten per cent. The offer price shall remain open at least until the electric distribution company has satisfied its procurement requirement for solar renewable energy credits, as specified in section 26 of this act. Once the offer price is closed, the owner or holder of a residential solar renewable energy credit may bid any outstanding or future credits in a competitive solicitation conducted by the electric distribution company pursuant to this subsection.

(c) Each electric distribution company shall execute its approved five-year solicitation plan and submit to the Department of Energy and Environmental Protection for review and approval of its preferred solar procurement plan comprised of any proposed contract or contracts with independent solar developers.

(d) The Department of Energy and Environmental Protection shall hold a hearing that shall be conducted as an uncontested case, in accordance with the provisions of chapter 54 of the general statutes, to approve, reject or modify an application for approval of the electric distribution company's solar procurement plan. The department shall only approve such proposed plan if the department finds that (1) the solicitation and evaluation conducted by the electric distribution company was the result of a fair, open, competitive and transparent process; (2) approval of the solar procurement plan would result in the greatest expected ratepayer value from solar energy or solar renewable energy credits at the lowest reasonable cost; and (3) such procurement plan satisfies other criteria established in the approved solicitation plan. The department shall not approve any proposal made under such plan unless it determines that the plan and proposals encompass all foreseeable sources of revenue or benefits and that such proposals, together with such revenue or benefits, would result in the greatest expected ratepayer value from solar energy or solar renewable energy credits. The department may, in its discretion, retain the services of an independent consultant with expertise in the area of energy

procurement to assist in such determination. The independent consultant shall be unaffiliated with the electric distribution company or its affiliates and shall not, directly or indirectly, have benefited from employment or contracts with the electric distribution company or its affiliates in the preceding five years, except as an independent consultant. The electric distribution company shall provide the independent consultant immediate and continuing access to all documents and data reviewed, used or produced by the electric distribution company in its bid solicitation and evaluation process. The electric distribution company shall make all its personnel, agents and contractors used in the bid solicitation and evaluation available for interview by the consultant. The electric distribution company shall conduct any additional modeling requested by the independent consultant to test the assumptions and results of the bid evaluation process. The independent consultant shall not participate in or advise the electric distribution company with respect to any decisions in the bid solicitation or bid evaluation process. The department's administrative costs in reviewing the electric distribution company's solar procurement plan and the costs of the consultant shall be recovered through a reconciling component of electric rates as determined by the department.

(e) The electric distribution company shall be entitled to recover its reasonable costs of complying with its approved solar procurement plan through a reconciling component of electric rates as determined by the department.

(f) If, by January 1, 2013, the department has not received proposed long-term solar renewable energy credit contracts consisting of at least twenty-five per cent of each electric distribution company's procurement obligation, by July 1, 2015, has not received proposed long-term solar renewable energy contracts consisting of at least fifty per cent of each electric distribution company's procurement obligation, or by July 1, 2017, has not received proposed long-term solar renewable energy contracts consisting of at least seventy-five per cent of each electric distribution company's procurement obligation,

respectively, the department shall notify the electric distribution company of the shortfall. Unless, upon petition by the electric distribution company, the department grants the distribution company an extension not to exceed ninety days to correct this deficiency, the electric distribution company shall be assessed a noncompliance fee of five hundred dollars for each solar renewable energy credit shortfall in the initial year of the procurement, with the per credit fee declining by seven per cent annually over the duration of the ten-year solicitation plan. The noncompliance fees associated with the procurement shortfall shall be collected by the distribution company, maintained in a separate interest-bearing account and disbursed to the department on a quarterly basis. Funds collected by the department pursuant to this section shall be used to support the deployment of solar photovoltaic generating systems installed in the state with priority given to otherwise underserved market segments, including, but not limited to, low-income housing, schools and other public buildings and nonprofits.

(g) No project that receives funding pursuant to this section shall be eligible for funding pursuant to section 29 of this act.

(h) Not later than sixty days after its approval of the distribution company procurement plans submitted on or before January 1, 2013, the Department of Energy and Environmental Protection shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to energy. The report shall document for each distribution company procurement plan: (1) The total number of solar renewable energy credits bid relative to the number of solar renewable energy credits requested by the distribution company; (2) the total number of bidders in each market segment; (3) the number of contracts awarded; and (4) the total weighted average price of the solar renewable energy credits or energy so purchased. The department shall not report individual bid information or other proprietary information.

Sec. 28. (NEW) (*Effective July 1, 2011*) (a) On or before July 1, 2012,

the Department of Energy and Environmental Protection, in consultation with the Office of Policy and Management and the Department of Public Works, shall, within available funding, complete, or cause to be completed by private vendors, a comprehensive solar feasibility survey of facilities owned or operated by the state with a load of fifty kilowatts or more. The survey shall rank state-owned or operated facilities based on their technical feasibility to accommodate solar photovoltaic generating systems by considering such factors as: (1) On-site energy consumption; (2) building orientation; (3) roof age and condition; (4) shading and the potential for obstruction to sunlight over the life of the solar system; (5) structural load capacity; (6) availability of ancillary facilities, such as parking lots, walkways or maintenance areas; (7) nonenergy related amenities; and (8) other factors that the Department of Energy and Environmental Protection deems may bear on the technical feasibility of such solar deployment.

(b) The Department of Energy and Environmental Protection, shall, within available funding, issue one or more requests for proposals for the deployment of solar photovoltaic generating systems at state-owned or operated facilities. Any such request for proposals shall be structured to maximize the state's ability to secure incentives available from the federal government or other sources. The department may seek in any request for proposals the services of an entity to finance, design, construct, own or maintain such solar photovoltaic system under a long-term solar services agreement. Any such entity chosen to provide such services shall not be considered a public service company under section 16-1 of the general statutes.

Sec. 29. (NEW) (*Effective July 1, 2011*) (a) Each electric distribution company shall, not later than July 1, 2012, file with the Department of Energy and Environmental Protection for its approval a tariff for production-based payments to owners or operators of Class I solar renewable energy source projects located in this state that are not less than one megawatt and connected directly to the distribution system of an electric distribution company.

(b) Such tariffs shall provide production-based payments for a period not less than fifteen years from the in-service date of the Class I solar renewable energy source project at a price that is, at the determination of the Department of Energy and Environmental Protection, a cost-based payment consisting of the fully allocated cost of constructing and operating a Class I solar renewable energy source of from one megawatt to seven and one-half megawatts were such construction and operation to be undertaken or procured by the electric distribution company itself. In calculating the cost-based tariff, the department shall consider actual cost data for Class I solar energy sources constructed and operated by the electric distribution company pursuant to subsection (e) of this section taking into consideration all available state and federal incentives.

(c) Such tariffs shall include a per project eligibility cap of seven and one-half megawatts and an aggregate eligibility cap of fifty megawatts, apportioned among each electric distribution company in proportion to distribution load.

(d) The cost of such tariff payments shall be eligible for inclusion in any subsequent rates, provided such payments are for projects operational on or after the effective date of this section, and recovered through a reconciling component of electric rates as determined by the Department of Energy and Environmental Protection.

(e) On and after July 1, 2012, electric distribution companies may construct, own and operate solar electric generating facilities up to one-third of their proportional share of the total cap amounts specified under subsection (c) of this section, provided any such development shall be phased in over a period of no less than three years. Such projects shall be located on brownfields or other locations in a targeted investment community, as defined in section 32-222 of the general statutes. The Department of Energy and Environmental Protection, in a contested case, shall authorize the electric distribution company to recover in rates its costs to construct, own and operate solar electric generating facilities, including a reasonable return on its investment

not to exceed eight per cent, if such approval would result in a reasonable cost of meeting the solar energy requirements pursuant to said subsection (c) of this section and that such investment will not restrict competition or restrict growth in the state's solar energy industry or unfairly employ in a manner which would restrict competition in the market for solar energy systems any financial, marketing, distributing or generating advantage that the electric distribution company may exercise as a result of its authority to operate as a public service company.

(f) Notwithstanding the provisions of subdivision (1) of subsection (j) of section 16-244c of the general statutes, as amended by this act, the amount of renewable energy produced from Class I renewable energy sources receiving tariff payments or included in utility rates under this section shall be applied to reduce the electric distribution company's Class I renewable energy source portfolio standard.

(g) No project that receives funding pursuant to this section shall be eligible for funding pursuant to section 27 of this act.

(h) On or before September 1, 2013, the department, in consultation with the Office of Consumer Counsel and the Renewable Energy Investments Board, shall study the operation of solar renewable energy tariffs and shall report, in accordance with the provisions of section 11-4a of the general statutes, its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(i) The department shall suspend the tariff established pursuant to this section upon the earlier of (1) an electric distribution company reaching its aggregate cap pursuant to subsection (c) of this section, or (2) three years from the effective date of the tariff.

Sec. 30. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection, in consultation with the Renewable Energy Investment Fund established in section 16-245n of the general statutes and the Conservation and Load Management Fund established in

section 16-245m of the general statutes, shall develop coordinated programs to create a self-sustaining market for solar thermal systems for electricity, natural gas and fuel oil customers.

Sec. 31. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection shall provide an additional incentive of up to five per cent of the then-applicable incentive provided pursuant to sections 25 and 30 of this act for the use of major system components manufactured or assembled in Connecticut, and another additional incentive of up to five per cent of the then applicable incentive provided pursuant to sections 25 and 30 of this act for the use of major system components manufactured or assembled in a distressed municipality, as defined in section 32-9p of the general statutes, or a targeted investment community, as defined in section 32-222 of the general statutes.

Sec. 32. (NEW) (*Effective July 1, 2011*) (a) On or before January 1, 2012, the Department of Energy and Environmental Protection shall initiate an uncontested proceeding to establish a feed-in tariff that shall decline over time to include, but not be limited to, wind, fuel cells, biomass, geothermal and energy efficiency projects. As a result of such proceeding, the department shall establish the parameters of such program, which shall include, but not be limited to, a requirement that no ratepayer money fund such program.

(b) On or before January 1, 2012, and annually thereafter, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the feed-in tariff established pursuant to this section.

Sec. 33. (NEW) (*Effective October 1, 2011*) The Renewable Energy Investments Board created pursuant to section 16-245n of the general statutes in consultation with the Department of Energy and Environmental Protection, may establish a program to be known as the "condominium renewable energy grant program". Under such program, the board may provide grants to residential condominium

associations and residential condominium owners, within available funds, for purchasing renewable energy sources, including solar energy, geothermal energy and fuel cells or other energy-efficient hydrogen-fueled energy.

Sec. 34. (NEW) (*Effective July 1, 2011*) The Department of Energy and Environmental Protection shall establish a pilot program to support through loans, grants or power purchase agreements sustainable practices and economic prosperity of Connecticut farms by using agricultural waste with on-site anaerobic digestion facilities to generate electricity and heat. As part of the pilot program, the department may approve no more than five projects, each of which shall have a maximum size of five hundred kilowatts. On or before January 1, 2012, and annually thereafter, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the program established pursuant to this section.

Sec. 35. (NEW) (*Effective July 1, 2011*) (a) On or before June 30, 2012, the Department of Energy and Environmental Protection shall conduct a proceeding regarding development of low-income discounted rates for service provided by electric distribution companies, as defined in section 16-1 of the general statutes, to low-income customers with an annual income that does not exceed sixty per cent of median income. Such proceeding shall include, but not be limited to, a review, for individuals who receive means-tested assistance administered by the state or federal governments, of the current and future availability of rate discounts through the department's electricity purchasing pool operated pursuant to section 16a-14e of the general statutes, energy assistance benefits available through any plan adopted pursuant to section 16a-41a of the general statutes, state funded or administered programs, conservation assistance available pursuant to section 16-245m of the general statutes assistance funded or administered by said department or the Department of Social Services, or matching payment program benefits available pursuant to subsection (b) of section 16-

262c of the general statutes. Such proceeding shall also include an analysis of the cost of imposing a utility termination moratorium in households with a child two years of age or younger. The department shall (1) coordinate resources and programs, to the extent practicable; (2) develop rates that take into account the indigency of persons of poverty status and allow such persons' households to meet the costs of essential energy needs; (3) encourage the households to agree to have a home energy audit as a prerequisite to qualification; and (4) prepare an analysis of the benefits and anticipated costs of such low-income discounted rates.

(b) The department shall determine which, if any, of its programs shall be modified, terminated or have their funding reduced because such program beneficiaries would benefit more by the establishment of a low-income or discount rate. The department shall establish a rate reduction that is equal to the anticipated funds transferred from the programs modified, terminated or reduced by the department pursuant to this section and the reduced cost of providing service to those eligible for such discounted or low-income rates, any available energy assistance and other sources of coverage for such rates, including, but not limited to, generation available through the electricity purchasing pool operated by the department. The department may issue recommendations regarding programs administered by the Department of Social Services.

(c) The department shall order (1) filing by each electric distribution company of proposed rates consistent with the department's decision pursuant to subsection (a) of this section not later than sixty days after its issuance; and (2) appropriate modification of existing low-income programs. Each company shall conduct outreach to make its low-income or discounted rates available to eligible customers and report to the department at least annually regarding its outreach activities and the results of such activities.

(d) The cost of low-income and discounted rates and related outreach activities pursuant to this section shall be paid (1) through the

normal rate-making procedures of the department, (2) on a semiannual basis through the systems benefits charge for an electric distribution company, and (3) solely from the funds of the programs modified, terminated or reduced by the department pursuant to this section and the reduced cost of providing service to those eligible for such discounted or low-income rates, any available energy assistance and other sources of coverage for such rates, including, but not limited to, generation available through the electricity purchasing pool operated by the department.

(e) On or before July 1, 2013, the department shall report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the benefits and costs of the low-income or discounted rates established pursuant to subsection (a) of this section, including, but not limited to, possible impacts on existing customers who qualify for state assistance, and any recommended modifications. If the low-income rate is not less than ninety per cent of the standard service rate, the department shall include in its report steps to achieve that goal.

Sec. 36. Section 16-245o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) To protect a customer's right to privacy from unwanted solicitation, each electric company or electric distribution company, as the case may be, shall distribute to each customer a form approved by the Department of **[**Public Utility Control**]** Energy and Environmental Protection which the customer shall submit to the customer's electric or electric distribution company in a timely manner if the customer does not want the customer's name, address, telephone number and rate class to be released to electric suppliers. On and after July 1, 1999, each electric or electric distribution company, as the case may be, shall make available to all electric suppliers customer names, addresses, telephone numbers, if known, and rate class, unless the electric company or electric distribution company has received a form from a

customer requesting that such information not be released. Additional information about a customer for marketing purposes shall not be released to any electric supplier unless a customer consents to a release by one of the following: (1) An independent third-party telephone verification; (2) receipt of a written confirmation received in the mail from the customer after the customer has received an information package confirming any telephone agreement; (3) the customer signs a document fully explaining the nature and effect of the release; or (4) the customer's consent is obtained through electronic means, including, but not limited to, a computer transaction.

(b) All electric suppliers shall have equal access to customer information required to be disclosed under subsection (a) of this section. No electric supplier shall have preferential access to historical distribution company customer usage data.

(c) No electric or electric distribution company shall include in any bill or bill insert anything that directly or indirectly promotes a generation entity or affiliate of the electric distribution company. No electric supplier shall include a bill insert in an electric bill of an electric distribution company.

(d) All marketing information provided pursuant to the provisions of this section shall be formatted electronically by the electric company or electric distribution company, as the case may be, in a form that is readily usable by standard commercial software packages. Updated lists shall be made available within a reasonable time, as determined by the department, following a request by an electric supplier. Each electric supplier seeking the information shall pay a fee to the electric company or electric distribution company, as the case may be, which reflects the incremental costs of formatting, sorting and distributing this information, together with related software changes. Customers shall be entitled to any available individual information about their loads or usage at no cost.

(e) Each electric supplier shall, prior to the initiation of electric generation services, provide the potential customer with a written

notice describing the rates, information on air emissions and resource mix of generation facilities operated by and under long-term contract to the supplier, terms and conditions of the service, and a notice describing the customer's right to cancel the service, as provided in this section. No electric supplier shall provide electric generation services unless the customer has signed a service contract or consents to such services by one of the following: (1) An independent third-party telephone verification; (2) receipt of a written confirmation received in the mail from the customer after the customer has received an information package confirming any telephone agreement; (3) the customer signs a **[**document fully explaining the nature and effect of the initiation of the service**]** contract that conforms with the provisions of this section; or (4) the customer's consent is obtained through electronic means, including, but not limited to, a computer transaction. Each electric supplier shall provide each customer with a demand of less than one hundred kilowatts, a written contract that conforms with the provisions of this section and maintain records of such signed service contract or consent to service for a period of not less than two years from the date of expiration of such contract, which records shall be provided to the department or the customer upon request. Each contract for electric generation services shall contain all material terms of the agreement, a clear and conspicuous statement explaining the rates that such customer will be paying, including the circumstances under which the rates may change, a statement that provides specific directions to the customer as to how to compare the price term in the contract to the customer's existing electric generation service charge on the electric bill and how long those rates are guaranteed. Such contract shall also include a clear and conspicuous statement providing the customer's right to cancel such contract not later than three days after signature or receipt in accordance with the provisions of this subsection, describing under what circumstances, if any, the supplier may terminate the contract and describing any penalty for early termination of such contract. Each contract shall be signed by the customer, or otherwise agreed to in accordance with the provisions of this subsection. A customer who has a maximum demand of five

hundred kilowatts or less shall, until midnight of the third business day after the latter of the day on which the customer enters into a service agreement or the day on which the customer receives the written contract from the electric supplier as provided in this section, have the right to cancel a contract for electric generation services entered into with an electric supplier.

[(f) An electric supplier shall not advertise or disclose the price of electricity in such a manner as to mislead a reasonable person into believing that the electric generation services portion of the bill will be the total bill amount for the delivery of electricity to the customer's location. When advertising or disclosing the price for electricity, the electric supplier shall also disclose the electric distribution company's average current charges, including the competitive transition assessment and the systems benefits charge, for that customer class.**]**

(f) (1) Any third-party agent who contracts with or is otherwise compensated by an electric supplier to sell electric generation services shall be a legal agent of the electric supplier. No third-party agent may sell electric generation services on behalf of an electric supplier unless (A) the third-party agent is an employee or independent contractor of such electric supplier, and (B) the third-party agent has received appropriate training directly from such electric supplier.

(2) On or after July 1, 2011, all sales and solicitations of electric generation services by an electric supplier, aggregator or agent of an electric supplier or aggregator to a customer with a maximum demand of one hundred kilowatts or less conducted and consummated entirely by mail, door-to-door sale, telephone or other electronic means, during a scheduled appointment at the premises of a customer or at a fair, trade or business show, convention or exposition in addition to complying with the provisions of subsection (e) of this section shall:

(A) For any sale or solicitation, including from any person representing such electric supplier, aggregator or agent of an electric supplier or aggregator (i) identify the person and the electric generation services company or companies the person represents; (ii)

provide a statement that the person does not represent an electric distribution company; (iii) explain the purpose of the solicitation; and (iv) explain all rates, fees, variable charges and terms and conditions for the services provided; and

(B) For door-to-door sales to customers with a maximum demand of one hundred kilowatts, which shall include the sale of electric generation services in which the electric supplier, aggregator or agent of an electric supplier or aggregator solicits the sale and receives the customer's agreement or offer to purchase at a place other than the seller's place of business, be conducted (i) in accordance with any municipal and local ordinances regarding door-to-door solicitations, (ii) between the hours of ten o'clock a.m. and six o'clock p.m., and (iii) with both English and Spanish written materials available. Any representative of an electric supplier, aggregator or agent of an electric supplier or aggregator shall prominently display or wear a photo identification badge stating the name of such person's employer or the electric supplier the person represents. Each such supplier, aggregator or agent shall conduct a criminal background check on each person such entity employs to conduct such door-to-door sales.

(3) No electric supplier, aggregator or agent of an electric supplier or aggregator shall advertise or disclose the price of electricity to mislead a reasonable person into believing that the electric generation services portion of the bill will be the total bill amount for the delivery of electricity to the customer's location. When advertising or disclosing the price for electricity, the electric supplier, aggregator or agent of an electric supplier or aggregator shall also disclose the electric distribution company's current charges, including the competitive transition assessment and the systems benefits charge, for that customer class.

(4) No entity, including an aggregator or agent of an electric supplier or aggregator, who sells or offers for sale any electric generation services for or on behalf of an electric supplier, shall engage in any deceptive acts or practices in the marketing, sale or solicitation

of electric generation services.

(5) Each electric supplier shall disclose to the Department of Energy and Environmental Protection in a standardized format (A) the amount of additional renewable energy credits such supplier will purchase beyond required credits, (B) where such additional credits are being sourced from, and (C) the types of renewable energy sources that will be purchased. Each electric supplier shall only advertise renewable energy credits purchased beyond those required pursuant to section 16-245a and shall report to the department the renewable energy sources of such credits and whenever the mix of such sources changes.

(6) No contract for electric generation services by an electric supplier shall require a residential customer to pay any fee for termination or early cancellation of a contract in excess of (A) one hundred dollars; or (B) twice the estimated bill for energy services for an average month, whichever is less, provided when an electric supplier offers a contract, it provides the residential customer an estimate of such customer's average monthly bill.

(7) An electric supplier shall not make a material change in the terms or duration of any contract for the provision of electric generation services by an electric supplier without the express consent of the customer. Nothing in this subdivision shall restrict an electric supplier from renewing a contract by clearly informing the customer, in writing, not less than thirty days nor more than sixty days before the renewal date, of the renewal terms and of the option not to accept the renewal offer, provided no fee pursuant to subdivision (6) of this section shall be charged to a customer who terminates or cancels such renewal not later than seven business days after receiving the first billing statement for the renewed contract.

(g) Each electric supplier, aggregator or agent of an electric supplier or aggregator shall comply with the provisions of the telemarketing regulations adopted pursuant to 15 USC 6102.

(h) Any violation of this section shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b. Any contract for electric generation services that the department finds to be the product of unfair or deceptive marketing practices or in material violation of the provisions of this section shall be void and unenforceable. Any waiver of the provisions of this section by a customer of electric generation services shall be deemed void and unenforceable by the electric supplier.

(i) Any violation or failure to comply with any provision of this section shall be subject to (1) civil penalties by the department in accordance with section 16-41, (2) the suspension or revocation of an electric supplier or aggregator's license, or (3) a prohibition on accepting new customers following a hearing that is conducted as a contested case in accordance with chapter 54.

(j) The department may adopt regulations, in accordance with the provisions of chapter 54, to include, but not be limited to, abusive switching practices, solicitations and renewals by electric suppliers.

Sec. 37. Section 16-245d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The Department of **[**Public Utility Control**]** Energy and Environmental Protection shall, by regulations adopted pursuant to chapter 54, develop a standard billing format that enables customers to compare pricing policies and charges among electric suppliers. **[**Not later than January 1, 2006, the**]** The department shall adopt regulations, in accordance with the provisions of chapter 54, to provide that an electric supplier, until October 1, 2011, may provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such supplier provides to its customers **[**that have**]** with a maximum demand of not less than one hundred kilowatts **[**and**]** that choose to receive a bill directly from such supplier and, on and after October 1, 2011, shall provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such suppliers provide to

their customers or may choose to obtain such billing and collection service through an electric distribution company and pay its pro rata share in accordance with the provisions of subsection (h) of section 16-244c, as amended by this act. Any customer of an electric supplier, which is choosing to provide direct billing, who paid for the cost of billing and other services to an electric distribution company shall receive a credit on their monthly bill.

(1) An electric supplier that chooses to provide billing and collection services shall, in accordance with the billing format developed by the department, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show (i) the electric generation services component and any additional charges imposed by the electric supplier, and (ii) federally mandated congestion charges applicable to the generation services; (B) any unpaid amounts from previous bills, which shall be listed separately from current charges; (C) the rate and usage for the current month and each of the previous twelve months in bar graph form or other visual format; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the Department of Public Utility Control for questions or complaints; and (G) the toll-free telephone number and address of the electric supplier.

(2) An **[**electric company,**]** electric distribution company **[**or electric supplier that provides direct billing of the electric generation service component and related federally mandated congestion charges, as the case may be,**]** shall, in accordance with the billing format developed by the department, include the following information in each customer's bill: **[**, as appropriate: (1)**]** (A) The total amount owed by the customer, which shall be itemized to show, **[**(A)**]** (i) the electric generation services component **[**and any additional charges imposed by the electric supplier, if applicable, (B)**]** if the customer obtains standard service or last resort service from the electric distribution company, (ii) the distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245*l*, **[**(C)**]** (iii) the transmission rate as adjusted pursuant to subsection (d) of section 16-

19b, [(D)] (iv) the competitive transition assessment, as provided in section 16-245g, [(E)] (v) federally mandated congestion charges, and [(F)] (vi) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, and the renewable energy investment charge, as provided in section 16-245n; [(2)] (B) any unpaid amounts from previous bills which shall be listed separately from current charges; [(3)] (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; [(4)] (D) the payment due date; [(5)] (E) the interest rate applicable to any unpaid amount; [(6)] (F) the toll-free telephone number of the electric distribution company to report power losses; [(7)] (G) the toll-free telephone number of the Department of Public Utility Control for questions or complaints; [(8) the toll-free telephone number and address of the electric supplier; and (9)] and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p.

(b) The regulations shall provide guidelines for determining until October 1, 2011, the billing relationship between the electric distribution company and electric suppliers, including, but not limited to, the allocation of partial bill payments and late payments between the electric distribution company and the electric supplier. An electric distribution company that provides billing services for an electric supplier shall be entitled to recover from the electric supplier all reasonable transaction costs to provide such billing services as well as a reasonable rate of return, in accordance with the principles in subsection (a) of section 16-19e.

Sec. 38. (NEW) (*Effective July 1, 2011*) The Commissioner of Energy and Environmental Protection shall administer a state-appropriated weatherization assistance program to provide, within available appropriations, weatherization assistance in accordance with the provisions of the state plan implementing the weatherization

assistance block grant program authorized by the federal Low-Income Home Energy Assistance Act of 1981, and programs of fuel assistance and weatherization assistance with funds authorized by the federal Low-Income Home Energy Assistance Act of 1981 and by the United States Department of Energy in accordance with 10 CFR Part 440 promulgated under Title IV of the Energy Conservation and Production Act, as amended, and oil settlement funds in accordance with subsections (b) and (c) of section 4-28 of the general statutes. The commissioner shall adopt regulations in accordance with the provisions of chapter 54 of the general statutes, (1) establishing priorities for determining which households shall receive such weatherization assistance, (2) requiring that such weatherization assistance for energy conservation measures other than the retrofitting of heating systems be provided only for any dwelling unit for which an energy audit has been conducted in accordance with the provisions of sections 16a-45a to 16a-46c, inclusive, of the general statutes, (3) requiring that the only criterion for determining which energy conservation measures shall be implemented pursuant to this subsection in any such dwelling unit shall be the simple payback calculated for each energy conservation measure recommended in the energy audit conducted for such unit, (4) establishing the maximum allowable payback period for such energy conservation measures, and (5) establishing conditions for the waiver of the provisions of subdivisions (1) to (4), inclusive, of this subsection in the event of emergencies. The programs provided for under this subsection shall include a program of fuel and weatherization assistance for emergency shelters for homeless individuals and victims of domestic violence. The commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement and administer the program of fuel and weatherization assistance for emergency shelters.

Sec. 39. (NEW) (*Effective July 1, 2011*) On or before October 1, 2011, the Department of Energy and Environmental Protection shall establish a natural gas conversion program to allow a gas company to finance the conversion to gas heat by potential residential customers

who heat their homes with electricity. The department shall adopt regulations in accordance with the provisions of chapter 54 of the general statutes to establish procedures and terms for such program and shall, on or before January 1, 2012, and annually thereafter, report in accordance with the provisions of section 11-4a of the general statutes to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding the progress of said program.

Sec. 40. Section 16-245z of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

Not later than October 1, 2005, the Department of **[**Public Utility Control**]** Energy and Environmental Protection and the Energy Conservation Management Board, established in section 16-245m, shall establish links on their Internet web sites to the Energy Star program or successor program that promotes energy efficiency and each electric distribution company shall establish a link under its conservation programs on its Internet web site to the Energy Star program or such successor program.

Sec. 41. Section 17b-801 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) The Commissioner of Social Services shall administer a state-appropriated fuel assistance program to provide, within available appropriations, fuel assistance to elderly and disabled persons whose household gross income is above the income eligibility guidelines for the Connecticut energy assistance program but does not exceed two hundred per cent of federal poverty guidelines. The income eligibility guidelines for the state-appropriated fuel assistance program shall be determined, annually, by the Commissioner of Social Services, in conjunction with the Secretary of the Office of Policy and Management. The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this subsection.

[(b) The commissioner shall administer a state-appropriated weatherization assistance program to provide, within available appropriations, weatherization assistance in accordance with the provisions of the state plan implementing the weatherization assistance block grant program authorized by the federal Low-Income Home Energy Assistance Act of 1981, and programs of fuel assistance and weatherization assistance with funds authorized by the federal Low-Income Home Energy Assistance Act of 1981 and by the U.S. Department of Energy in accordance with 10 CFR Part 440 promulgated under Title IV of the Energy Conservation and Production Act, as amended, and oil settlement funds in accordance with subsections (b) and (c) of section 4-28. The commissioner shall adopt regulations in accordance with the provisions of chapter 54, (1) establishing priorities for determining which households shall receive such weatherization assistance, (2) requiring that such weatherization assistance for energy conservation measures other than the retrofitting of heating systems be provided only for any dwelling unit for which an energy audit has been conducted in accordance with the provisions of sections 16a-45a to 16a-46c, inclusive, (3) requiring that the only criterion for determining which energy conservation measures shall be implemented pursuant to this subsection in any such dwelling unit shall be the simple payback calculated for each energy conservation measure recommended in the energy audit conducted for such unit, (4) establishing the maximum allowable payback period for such energy conservation measures and (5) establishing conditions for the waiver of the provisions of subdivisions (1) to (4), inclusive, of this subsection in the event of emergencies. The programs provided for under this subsection shall include a program of fuel and weatherization assistance for emergency shelters for homeless individuals and victims of domestic violence. The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement and administer the program of fuel and weatherization assistance for emergency shelters.]

[(c)] (b) The Commissioner of Social Services shall administer, within available appropriations, a crime prevention and safety

program for residences occupied by elderly and disabled persons who are eligible for the weatherization assistance block grant program authorized by the federal Low-Income Home Energy Assistance Act of 1981 or the state-appropriated weatherization assistance program. The program shall be operated through the community action agencies and the municipal agency responsible for said low income weatherization program. The program may provide for the purchase and installation, where necessary, of devices which allow a person inside a dwelling unit to view the area outside the door, or doors with windows, locks on windows and doors, and smoke detectors. The installation of devices under this program shall be done at the time weatherization is done.

Sec. 42. (NEW) (*Effective July 1, 2011*) (a) As used in this section:

(1) "Eligible entity" means (A) any residential, commercial, institutional or industrial customer of an electric distribution company or natural gas company, as defined in section 16-1 of the general statutes, who employs or installs an eligible in-state energy savings technology, (B) an energy service company certified as a Connecticut electric efficiency partner by the Department of Energy and Environmental Protection, or (C) an installer certified by the Renewable Energy Investments Fund; and

(2) "Energy savings infrastructure" means tangible equipment, installation, labor, cost of engineering, permits, application fees and other reasonable costs incurred by eligible entities for operating eligible in-state energy savings technologies designed to reduce electricity consumption, natural gas consumption or heating oil consumption.

(b) The Department of Energy and Environmental Protection shall establish an energy savings infrastructure pilot program consisting of financial incentives for the installation of energy efficient heating oil burners, boilers and furnaces and natural gas boilers and furnaces by eligible entities. On or before June 30, 2014, the department shall evaluate the efficacy of the program established pursuant to this

section.

(c) On or before December 31, 2011, the department shall begin accepting applications for financial incentives for the installation of more efficient fuel oil and natural gas boilers and furnaces that replace existing boilers or furnaces that are not less than seven years old with an efficiency rating of not more than seventy-five per cent. A qualifying fuel oil furnace shall have an efficiency rating of not less than eighty-six per cent. A qualifying fuel oil boiler shall have an efficiency rating of not less than eighty-six per cent with thermal purge or temperature reset controls. A qualifying natural gas boiler shall have an annual fuel utilization efficiency rating of not less than ninety per cent and a qualifying natural gas furnace shall have an annual fuel utilization efficiency rating of not less than ninety-five per cent. The department shall review the current market conditions for such systems and equipment upgrades, including, but not limited to, any existing federal or state financial incentives, and establish the appropriate financial incentives under this program necessary to encourage such upgrades. Financial incentives shall provide private financial institutions with loan loss protection or grants to lower borrowing costs and, if the department deems it necessary, grants to the lending financial institution to lower borrowing costs and allow for a ten-year loan. Such financial incentive package shall ensure that the annual loan payment by the applicant shall be at not more than the projected annual energy savings less one hundred dollars. Any loan provided as a financial incentive pursuant to this subsection shall include the cost of any related incentives, as determined by the department. The department shall arrange with an electric distribution or gas company to provide for payment of any loan made as financial assistance under this subdivision through the loan recipient's monthly electric or gas bill, as applicable.

(d) Eligible entities seeking a loan under the loan program established in this section shall (1) contract with Connecticut-based licensed contractors, installers or tradesmen for the installation of an eligible in-state energy savings technology; (2) provide evidence of the

cost of purchase and installation of the eligible in-state energy savings technology; and (3) periodically provide evidence of the operation and functionality of the eligible in-state energy savings technology to ensure that such technology is operating as intended during the term of the loan.

(e) The department shall develop a prescriptive one-page loan application. Such application shall include, but not be limited to: (1) Detailed information, specifications and documentation of the eligible in-state energy technology's installed costs and projected energy savings, and (2) for requests for loans in excess of one hundred thousand dollars, certification by a licensed professional engineer, licensed contractor, installer or tradesman with a state license held in good standing.

(f) On or before October 1, 2011, the department shall establish a plan that includes procedures and parameters for its energy savings infrastructure pilot program established pursuant to this section.

(g) On or before October 1, 2014, the department shall, in accordance with the provisions of section 11-4a of the general statutes, report to the joint standing committee of the General Assembly having cognizance of matters relating to energy with regard to the projects assisted by the energy savings infrastructure pilot program established pursuant to this section, the amount of public funding, the energy savings from the technologies installed and any recommendations for changes to the program, including, but not limited to, incentives that encourage consumers to install more efficient fuel oil and natural gas boilers and furnaces prior to failure or gross inefficiency of their current heating system.

Sec. 43. Section 16-49 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) As used in this section:

(1) "Company" means (A) any public service company other than a

telephone company, that had more than one hundred thousand dollars of gross revenues in the state in the calendar year preceding the assessment year under this section, except any such company not providing service to retail customers in the state, (B) any telephone company that had more than one hundred thousand dollars of gross revenues in the state from telecommunications services in the calendar year preceding the assessment year under this section, except any such company not providing service to retail customers in the state, (C) any certified telecommunications provider that had more than one hundred thousand dollars of gross revenues in the state from telecommunications services in the calendar year preceding the assessment year under this section, except any such certified telecommunications provider not providing service to retail customers in the state, or (D) any electric supplier that had more than one hundred thousand dollars of gross revenues in the state in the calendar year preceding the assessment year under this section, except any such supplier not providing electric generation services to retail customers in the state;

(2) "Telecommunications services" means (A) in the case of telecommunications services provided by a telephone company, any service provided pursuant to a tariff approved by the **[**department**]** Department of Energy and Environmental Protection's Bureau of Energy and Bureau of Public Utility Control other than wholesale services and resold access and interconnections services, and (B) in the case of telecommunications services provided by a certified telecommunications provider other than a telephone company, any service provided pursuant to a tariff approved by the department and pursuant to a certificate of public convenience and necessity; and

(3) "Fiscal year" means the period beginning July first and ending June thirtieth.

(b) On or before July 15, 1999, and on or before May first, annually thereafter, each company shall report its intrastate gross revenues of the preceding calendar year to the department, which amount shall be

subject to audit by the department. For each fiscal year, each company shall pay the [Department of Public Utility Control] department the company's share of all expenses of the department and the Office of Consumer Counsel for such fiscal year. On or before September first, annually, the department shall give to each company a statement which shall include: (1) The amount appropriated to the department and the Office of Consumer Counsel for the fiscal year beginning July first of the same year; (2) the total gross revenues of all companies; and (3) the proposed assessment against the company for the fiscal year beginning on July first of the same year, adjusted to reflect the estimated payment required under subdivision (1) of subsection (c) of this section. Such proposed assessment shall be calculated by multiplying the company's percentage share of the total gross revenues as specified in subdivision (2) of this subsection by the total revenue appropriated to the department and the Office of Consumer Counsel as specified in subdivision (1) of this subsection.

(c) Each company shall pay the department: (1) On or before June thirtieth, annually, an estimated payment for the expenses of the following year equal to twenty-five per cent of its assessment for the fiscal year ending on such June thirtieth, (2) on or before September thirtieth, annually, twenty-five per cent of its proposed assessment, adjusted to reflect any credit or amount due under the recalculated assessment for the preceding fiscal year, as determined by the department under subsection (d) of this section, provided if the company files an objection in accordance with subsection (e) of this section, it may withhold the amount stated in its objection, and (3) on or before the following December thirty-first and March thirty-first, annually, the remaining fifty per cent of its proposed assessment in two equal installments.

(d) Immediately following the close of each fiscal year, the department shall recalculate the proposed assessment of each company, based on the expenses, as determined by the Comptroller, of the department and the Office of Consumer Counsel for such fiscal year. On or before September first, annually, the department shall give

to each company a statement showing the difference between its recalculated assessment and the amount previously paid by the company.

(e) Any company may object to a proposed or recalculated assessment by filing with the department, not later than September fifteenth of the year of said assessment, a petition stating the amount of the proposed or recalculated assessment to which it objects and the grounds upon which it claims such assessment is excessive, erroneous, unlawful or invalid. After a company has filed a petition, the department shall hold a hearing. After reviewing the company's petition and testimony, if any, the department shall issue an order in accordance with its findings. The company shall pay the department the amount indicated in the order not later than thirty days after the date of the order.

(f) The department shall remit all payments received under this section to the State Treasurer for deposit in the Consumer Counsel and Public Utility Control Fund established under section 16-48a. Such funds shall be accounted for as expenses recovered from public service companies and certified telecommunications providers. All payments made under this section shall be in addition to any taxes payable to the state under chapters 211, 212, 212a and 219.

(g) Any assessment unpaid on the due date or any portion of an assessment withheld after the due date under subsection (c) of this section shall be subject to interest at the rate of one and one-fourth per cent per month or fraction thereof, or fifty dollars, whichever is greater.

(h) Any company that fails to report in accordance with this section shall be subject to civil penalties in accordance with section 16-41.

Sec. 44. (NEW) (*Effective from passage*) Each state agency shall develop a plan to reduce its energy use by at least ten per cent and shall submit such plan to the Office of Policy and Management on or before October 1, 2011. On or before October 1, 2012, and annually

thereafter, each state agency shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the plan and its implementation.

Sec. 45. (NEW) (*Effective July 1, 2011*) There is established within the Department of Energy and Environmental Protection an Office of Energy Efficient Businesses. The office shall provide in-state businesses (1) a single point of contact for any state business interested in energy efficiency, renewable energy or conservation projects, (2) information on loans and grants for energy efficiency, renewable energy projects and conservation, (3) audit and assessment services, including, but not limited to, outreach to businesses by qualified entities, and (4) any other service deemed relevant by said office.

Sec. 46. Sections 16-1b and 16-261a of the general statutes are repealed. (*Effective July 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2011*	New section
Sec. 2	*July 1, 2011*	4-5
Sec. 3	*July 1, 2011*	4-38c
Sec. 4	*July 1, 2011*	16a-3a
Sec. 5	*July 1, 2011*	New section
Sec. 6	*July 1, 2011*	16-244c
Sec. 7	*July 1, 2011*	New section
Sec. 8	*July 1, 2011*	New section
Sec. 9	*July 1, 2011*	7-233e(b)
Sec. 10	*July 1, 2011*	New section
Sec. 11	*from passage*	New section
Sec. 12	*July 1, 2011*	New section
Sec. 13	*July 1, 2011*	New section
Sec. 14	*from passage*	New section
Sec. 15	*July 1, 2011*	New section
Sec. 16	*July 1, 2011*	New section
Sec. 17	*July 1, 2011*	New section
Sec. 18	*July 1, 2011*	7-148(c)(6)(B)

Sec. 19	*July 1, 2011*	New section
Sec. 20	*July 1, 2011*	16a-48
Sec. 21	*July 1, 2011*	16-243i
Sec. 22	*July 1, 2011*	16-245(g)
Sec. 23	*July 1, 2011*	New section
Sec. 24	*July 1, 2011*	New section
Sec. 25	*July 1, 2011*	New section
Sec. 26	*July 1, 2011*	New section
Sec. 27	*July 1, 2011*	New section
Sec. 28	*July 1, 2011*	New section
Sec. 29	*July 1, 2011*	New section
Sec. 30	*July 1, 2011*	New section
Sec. 31	*July 1, 2011*	New section
Sec. 32	*July 1, 2011*	New section
Sec. 33	*October 1, 2011*	New section
Sec. 34	*July 1, 2011*	New section
Sec. 35	*July 1, 2011*	New section
Sec. 36	*July 1, 2011*	16-245o
Sec. 37	*July 1, 2011*	16-245d
Sec. 38	*July 1, 2011*	New section
Sec. 39	*July 1, 2011*	New section
Sec. 40	*July 1, 2011*	16-245z
Sec. 41	*July 1, 2011*	17b-801
Sec. 42	*July 1, 2011*	New section
Sec. 43	*July 1, 2011*	16-49
Sec. 44	*from passage*	New section
Sec. 45	*July 1, 2011*	New section
Sec. 46	*July 1, 2011*	Repealer section

Statement of Legislative Commissioners:

In section 4(b), "January 1, 2008," was changed to "January 1, **[**2008**]** 2012," for accuracy; in section 5, the effective date was changed from "*Effective upon passage*" to "*Effective July 1, 2011*" for internal consistency; in section 13, "independent system operator" was changed to "regional independent system operator" for statutory consistency; in section 17(c), "purpose of (1) financing" was changed to "purpose of financing (1)" for clarity; in section 19, two references to "Energy Conservation and Load Management" were changed to "Energy Conservation and Load Management Fund" and two references to "Renewable Energy Investment Funds" were changed to "Renewable Energy Investment Fund" for accuracy; in section 20(d)(3)(B), "office" was changed to

"department" twice for internal consistency; in sections 21(a) and 21(b)(2) "program established pursuant to this section" was changed to "program established pursuant to this subsection" for accuracy; in section 24(c), "the annual cost cap" was changed to "the annual cost cap of the solar programs established pursuant to sections 25 to 30, inclusive, of this act" for clarity; in section 25, a reference to "section 7" was changed to "section 17" for accuracy; in section 26, a reference to "section 33" was changed to "section 27" for accuracy; in section 27(d) "with expertise in the area of energy procurement" was changed to "with expertise in the area of energy procurement to assist in such determination", "For the purposes of such audit" was deleted, and a reference to "independent auditor" was changed to "independent consultant" for accuracy and clarity; in section 29(e), "targeted investment community" was changed to "targeted investment community, as defined in section 32-222 of the general statutes," for clarity; in section 34, "established pursuant to this subsection" was changed to "established pursuant to this section" for accuracy; in section 36(e) and section 36(h), references to "division" were changed to "department" for accuracy; in section 38, "The commissioner" was changed to "The Commissioner of Energy and Environmental Protection" for clarity and to reflect the committee's intent; and in section 42(c) "Any loan provided as a financial incentive pursuant to this subdivision" was changed to "Any loan provided as a financial incentive pursuant to this subsection" for accuracy.

ET *Joint Favorable Subst.*

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

Sections 1-3 consolidate the Department of Environmental Protection (DEP), the Department of Public Utility Control (DPUC), and various energy related responsibilities, powers and staff from the Office of Policy and Management (OPM) into the new Department of Energy and Environmental Protection (DEEP).

The Governor's budget assumes no savings in FY 12 and FY 13 related to these consolidations. Instead, three additional positions are established in DEEP with a cost of $276,120 in FY 12 and $272,735 in FY 13.

The bill requires DEEP to include a procurement manager whose duties include overseeing the procurement of electricity for standard service. It is anticipated that this provision will cost approximately $160,000 annually for salary and fringe benefits, beginning in FY 12.

Section 9 authorizes the Connecticut Municipal Electric Energy Cooperative to submit bids to provide standard service power. Should this result in reduced customer charges, potential savings to certain municipalities and/or the state may result to the extent that they purchase electricity via the cooperative.

Sections 17-18 allow municipalities to issue bonds or use other funding sources to finance sustainable energy improvements to qualifying real property, and to levy special assessments against the

property after the improvements are made. The assessment is collected as part of the property owner's regular property tax bill and is secured by a lien on the property. There will be a cost to municipalities that choose to issue bonds for this purpose which will be partially or completely offset by the amount collected from the special assessment levied against the property. There will also be an increase to the municipality's tax base (Grand List) to the extent that the energy improvements result in increased property values.

Section 19 establishes a financial assistance program for energy conservation and load management projects for customers in municipalities with enterprise zones. The funding level is at least 3% of the total collected for the Connecticut Energy Efficiency Fund. The funding level is estimated to be $4 million.[1]

Sections 24-28 establish several solar programs. These include a residential solar program. Funding for this program is available from one-third of the annual revenue from the renewable energy surcharge on the electric bills. The funding level is estimated to be $10 million.[2]

The bill requires DEEP to review and approve solar REC procurement plans and allows DEEP to retain an independent consultant. DEEP's administrative costs in reviewing the procurement plan and the costs associated with the consultant must be recovered through a reconciling component of electric rates as determined by DEEP. The electric companies are entitled to recover reasonable costs of complying with its approved solar procurement plan through the same type of mechanism. These provisions will result in an increased cost to all ratepayers.

Section 29 allows, starting in FY 13, electric companies to build, own, and operate solar electric generating facilities. Each electric

[1] CT Energy Efficiency Fund is funded by a ratepayer surcharge of three mils per kilowatt hour on electric customers. The fund receives over $100 million annually.
[2] CT Clean Energy Fund is funded by a ratepayer surcharge of one mil per kilowatt hour. The fund receives over $30 million annually.

company may recover its costs to construct, own and operate the facilities, along with a return on its investment capped at 8%, through a rate setting mechanism.

Section 33 allows the CT Clean Energy Fund (CCEF) to establish a program to provide grants to residential condominium associations and owners to buy renewable energy resources. The CCEF receives approximately $30 million annually and any additional requirements will decrease the amounts of funds available for other programs.

Sections 38 and 41 transfer the state-appropriated weatherization and fuel assistance programs from the Department of Social Services (DSS) to DEEP.

There is no impact associated with the transfer of the state-appropriated fuel assistance program since it is not currently active and has not received state funding since FY 02.

In addition, the state appropriated weatherization program is also inactive. DSS does administer a federally funded Weatherization Assistance Program[3]; it is assumed that this program would not be affected by the transfer provisions in this bill.

Section 43 Under current law, DPUC and OPM's energy division are funded by an assessment on the regulated utility companies. The bill extends this assessment to cover DEEP's expenses. This results in a reduction in the General Fund and an increase in the requirements of the CC&PUC Fund of $77,367,257 (DEP and CEQ costs) in FY 12 and $75,274,103 in FY 13.

Section 44 requires each state agency to develop a plan to reduce its energy use by at least 10%. It is anticipated that some agencies may incur costs in developing this plan.

The Out Years

[3] According to the 2010 State Comptroller Annual Report, approximately $13 million in Weatherization Assistance Program dollars were expended in FY 10.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sSB 1

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

SUMMARY:

This bill establishes the Department of Energy and Environmental Protection (DEEP) as the successor to the departments of Public Utility Control (DPUC) and Environmental Protection (DEP) and establishes DEEP's goals regarding energy. It transfers the powers and responsibilities of DPUC and DEP, as well as the energy powers and responsibilities of the Office of Policy and Management (OPM), to DEEP.

The bill establishes three bureaus in DEEP (Energy, Environmental Protection, and Public Utility Control). The Bureau of Energy head must have a background in energy conservation, generation, and renewable energy and can have no industry conflicts. The Bureau of Public Utility Control must include a procurement manager whose duties include overseeing the procurement of electricity for standard service (the service electric companies provide to small- and medium-size customers who do not choose competitive suppliers).

The bill requires that the bureaus be divided into units or divisions, as the DEEP commissioner considers appropriate. These must include units or divisions on: (1) energy research, (2) telecommunications and technology policy, and (3) conservation and renewable energy. The bill also requires DEEP to include an Office of the Ombudsman for programmatic oversight. The ombudsman must communicate with policymakers, stakeholders, and individuals affected by DEEP's implementation of energy policy. He or she must make findings and recommendations to the DEEP commissioner who may implement them as appropriate. The ombudsman must report annually to the Energy and Technology Committee.

The bill requires DEEP, rather than the electric companies, to develop the integrated resources plan (IRP) for meeting future electricity demand and changes how it is reviewed and approved. It establishes specific requirements for the 2012 IRP. It modifies how power is procured for the standard-service electric companies must provide to small and medium size customers who do not choose competitive suppliers, requiring that the DEEP procurement officer rather than the electric companies develop the procurement plan starting in 2012.

The bill establishes energy efficiency standards for compact audio players, televisions, DVD players, and DVD recorders, which go into effect January 1, 2014. It requires DEEP to adopt efficiency standards for other products under specified circumstances.

The bill requires DEEP to conduct a variety of studies and analyzes.

Under current law, companies that are regulated by DPUC are assessed annually to cover DPUC's expenses. The bill extends the assessment to cover all of DEEP's costs, including those included in DEP's budget.

EFFECTIVE DATE: July 1, 2011, except for the provisions on the 2012 IRP, the studies on power plants and the wholesale electric market, and, the state agency energy efficiency plan (§§ 5, 11, 14, and 44, respectively), which are effective on passage, and the condominium renewable energy program provisions, which are effective October 1, 2011

§§ 1-3, 43 — DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

The bill creates DEEP by merging DEP and DPUC and transferring their powers and duties and the DEP commissioner to DEEP and its commissioner. It also transfers the powers and duties of the Office of Policy and Management (OPM) and its secretary regarding energy to DEEP and its commissioner. Among other things, these include planning for and responding to energy emergencies, registering fuel

oil dealers, monitoring oil prices, and managing energy use in state-owned buildings.

Under the bill, DEEP has three bureaus: Energy, Environmental Protection, and Public Utility Control. The bill specifies the roles of the bureaus and the qualifications required of the Energy Bureau chief. It requires the Bureau of Public Utility Control to include a procurement officer responsible for procuring power for the electric companies' standard service customers (small customers who do not choose a competitive supplier). Under the bill, DEEP includes the Office of the Ombudsman, who is responsible for programmatic oversight and communications with policymakers, stakeholders, and individuals affected by DEEP's implementation of energy policy. DEEP also includes the Connecticut Siting Council (currently part of DPUC).

The bill establishes DEEP's energy goals, which are: (1) reducing utility rates and decreasing ratepayer costs, (2) ensuring the reliability and safety of the state's energy supply, (3) increasing the use of clean energy, and (4) creating jobs and developing the state's energy related economy.

§§ 4 AND 5 — INTEGRATED RESOURCES PLAN

The bill requires DEEP, rather than the electric companies, to (1) assess future electric demand and how best to meet it and (2) develop a comprehensive plan to meet the demand through procuring a mix of generating facilities and efficiency programs. DEEP must consult with the Connecticut Energy Advisory Board (CEAB) and the companies in conducting the assessment and with CEAB, the companies, and ISO-New England in developing the procurement plan. The bill eliminates CEAB's review of the procurement plan. It requires (1) DEEP's Bureau of Energy to hold a hearing and make recommendations to the DEEP commissioner on the plan and (2) DEEP's commissioner to accept, reject, or modify the plan.

The bill requires the 2012 plan to, among other things (1) indicate specific options to reduce the price of electricity and (2) assess and

compare the cost of transmission line projects, new power sources, renewable electricity sources, conservation, and distributed generation projects to ensure the state pursues only the least-cost alternative projects. The bill requires DEEP to report to the Energy and Technology Committee by February 1, 2012 regarding state policy and legislative changes it feels would most likely lower the state's electricity rates

§§ 6-9 — STANDARD SERVICE AND RELATED PROVISIONS

Procuring Power for Standard Service

By law, the electric companies must provide standard service to small and medium size electric customers who do not choose a competitive supplier. The bill allows the Connecticut Municipal Electric Energy Cooperative to submit bids to provide standard service power. It requires DEEP to (1) initiate a docket to consider the buying down of an electric company's current standard service supply contract to reduce ratepayer bills and (2) conduct a cost benefit analysis. If the department determines a buy down is in ratepayers' best interest, DEEP must proceed with the buy down.

The bill eliminates specific rules governing how the companies procure power for this service. Among other things, current law generally requires that the purchased power contracts be for at least six months and overlap in time (the latter requirement is sometimes called laddering). The portfolio must include contracts likely to produce just and reasonable rates that are reasonably stable, while reflecting wholesale market rates over time. The bill also eliminates a requirement that if an electric company's generation affiliate submits a bid, it do so one day before the other bidders (there are currently no such affiliates).

Under current law, DPUC, in consultation with the Office of Consumer Counsel (OCC), can retain a consultant with expertise in energy procurement to oversee the electric companies' procurement of contracts for standard service. The bill instead allows the procurement officer of DEEP to retain consultants as it sees fit to help with the

procurement.

Under current law, DPUC must review and approve bids to provide power for standard service. The bill requires that DEEP do so in an uncontested proceeding that includes a public hearing where OCC and the attorney general can participate.

By January 1, 2012 and every year thereafter, DEEP's procurement officer must develop a plan for procuring power and related wholesale electricity market products that will enable each electric company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining cost volatility within reasonable levels. The officer must consult with the electric companies in developing the plan and can consult with other entities. Each procurement plan must provide for the competitive solicitation for load-following electric service (i.e., supply that goes up or down depending on demand). The plan can also (1) include a provision for the use of other contracts, such as contracts for generation or other electricity market products and financial contracts, and (2) provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it must explain why these purchases are in the best interests of standard service customers.

The procurement officer must meet with the DEEP commissioner at least quarterly, prepare a written report on the plan's implementation, and recommend any necessary adjustments to the plan to address market conditions or otherwise reduce the costs of standard service. The quarterly reports are public documents. After considering the report and recommendation, the commissioner may amend the plan by written order.

DEEP must conduct an uncontested proceeding to approve the plan, with any amendments it considers necessary.

An electric company is entitled to recover all reasonable and prudent costs it incurs in developing and implementing the approved plan, including costs of contracts entered into under the plan. The

procurement costs must be borne solely by standard service customers.

Project 150

By law, the electric companies must enter into long-term contracts with renewable energy generators that meet certain criteria. The bill requires DEEP, in consultation with OCC and the Clean Energy Fund board to study the operation of these contracts and report its findings and recommendations to the Energy and Technology Committee by September 1, 2011.

Referral Program

By law, suppliers can participate in a program where electric companies must provide (1) information regarding the suppliers when customers begin service with an electric company and at other times, and (2) other services for suppliers. The bill requires DEEP to conduct a proceeding to determine the cost of billing, collections, and other services provided by the electric companies or DEEP that solely benefit suppliers and aggregators. DEEP must equitably allocate these costs on such suppliers and aggregators. As part of the same proceeding, DEEP must also determine costs that electric companies incur solely for the benefit of customers to whom they sell power and provide for the equitable recovery of these costs from these customers.

§ 10 — BILATERAL SUPPLY CONTRACTS

By September 1, 2011, DEEP must issue an RFP to award bilateral purchasing contracts for electricity from existing or new generators. Bilateral contracts are contracts directly with the generator rather than through a third party. The contracts must be for five to 15 years and reduce electricity rates by pricing the purchased power on a cost-of-service basis or using a power purchase agreement or other financing mechanism DEEP determines to provide electricity at lower rates for Connecticut consumers.

§ 11 — STUDY OF REPOWERING POWER PLANTS

DEEP must study the potential costs savings and other benefits to ratepayers, such as emissions reductions, of repowering some or all of

the state's coal-fired and oil-fired generation facilities built before 1990. By February 1, 2012, DEEP must submit the study to the Energy and Technology Committee.

§ 12 — REVIEWING TRANSMISSION LINE PROPOSALS

By September 1, 2011, DEEP must review any proposed commercial transmission line project (1) in which a Connecticut electric company may have a financial interest, or (2) that may be constructed in whole or in part in this state to determine whether to obtain electricity from such transmission lines at a rate that will lower electricity rates for Connecticut consumers.

§ 13 — NOTICE OF RELIABILITY CONCERNS

The bill requires an electric company to notify DEEP and the Energy and Technology Committee of any concerns it has regarding system reliability before it contacts to the Independent System Operator (ISO)-New England (the entity that administers the regional transmission system and wholesale market).

§ 14 — STUDY OF THE ELECTRIC WHOLESALE MARKET

By August 1, 2011, the bill requires DEEP to initiate a study to identify the impact on Connecticut ratepayers and the New England and state wholesale electric power market of the operation of the ISO-New England and the rule it uses to set wholesale prices. The study must:

1. review the accountability of ISO-New England to Connecticut ratepayers and energy policymakers;

2. consider strategies and mechanisms, such as long-term contracts, that may mitigate any adverse impacts this rule may have on wholesale generation prices in Connecticut and New England and reduce Connecticut's reliance on the wholesale power market;

3. consider the costs and benefits associated with participating in ISO and any potential benefits of joining another ISO or

operating outside of the existing ISO systems (see BACKGROUND);

4. examine the Federal Energy Regulatory Commission framework that has contributed to the state's high rates; and

5. consider methods to foster greater transparency of "any such system" (apparently the ISO or other mechanism addressed in item 4).

By January 1, 2012, DEEP must report its findings to the Energy and Technology Committee.

§ 15 — CONSERVATION AND RENEWABLE ENERGY FINANCING

By January 1, 2012, the bill requires DEEP to review available state and national energy financing programs and recommend how best to establish a state program to finance renewable energy and conservation. It must consider various sources of financing, including mortgages, bonds, and the establishment of loan loss reserves to leverage private capital. The financing must not include any ratepayer contribution. DEEP must report its findings to the Energy and Technology Committee.

§ 16 — INNOVATION HUBS

The bill requires DEEP to develop a set of "innovation hubs" addressing such things as electric vehicle infrastructure and electricity storage. It must do so in conjunction with research and academic institutions.

§ 17 — MUNICIPAL ENERGY LOAN PROGRAM (PACE)

The bill allows any municipality to establish a loan program for financing sustainable energy improvements to qualifying real property located within the municipality, if it determines that this is in the public interest. (Such programs are commonly called Property Assessed Clean Energy (PACE) programs.) The municipality must issue a public notice and provide an opportunity for public comment before making this determination. The program can cover all or part of

the municipality.

Under the bill, the "energy improvements" are (1) any renovation or retrofitting of qualifying real property to reduce energy consumption or (2) installation of a renewable energy system to serve the property. "Qualifying real property" is single- or multi-family residential dwellings or commercial or industrial buildings that a municipality determines can benefit from energy improvements. The property owner must agree to participate in the program.

Before establishing a program, the municipality must notify the electric company that serves it. Any municipality that establishes this program may:

1. partner with another municipality or state agency to (a) maximize the opportunities for accessing public funds and private capital markets for long-term sustainable financing, and (b) secure state or federal funds available for this purpose; and

2. use the services of one or more private, public, or quasi-public third-party administrators to provide support for the program.

Notwithstanding other limits or conditions on municipal bond issues, any municipality that establishes a loan program may issue bonds, as needed, to (1) offer loans to the owners of eligible property in the municipality to finance energy improvements, (2) conduct related energy audits, and (3) conduct renewable energy system feasibility studies and verify the installation of any improvements. The bonds and financing must be backed by special contractual assessments on the benefitted property. The bonds may also cover any associated costs. The municipality can supplement the bonds with other legally available funds at its discretion.

If a qualified property owner requests a loan, the municipality must:

1. require an energy audit or renewable energy system feasibility analysis on the qualifying property before approving a loan;

2. enter into a loan agreement with the owner in a principal amount sufficient to pay the costs of energy improvements the municipality determines will benefit the qualifying property;

3. impose requirements to ensure that the energy improvements are consistent with the program's purpose; and

4. impose requirements and conditions on loans to ensure timely repayment.

Any loan made under the program must be repaid over a term that does not exceed the calculated payback period for the installed improvements, as determined by the municipality. The municipality must set a fixed interest rate when each loan is made. The interest rate, as supplemented with state or federal funding that may become available, must be sufficient to pay the program's financing costs, including loan delinquencies. The loan cannot have a prepayment penalty.

Loans made under the program, interest and any penalties are a lien against the property. The lien must be levied and collected in the same way as property taxes, including, in a default or delinquency, with respect to any penalties and remedies and lien priorities. However, the lien does not have priority over existing mortgages.

§ 18 — MUNICIPAL PERFORMANCE-BASED CONTRACTS

The bill explicitly allows municipalities to enter into performance-based energy contracts. Typically, under these contracts a private firm installs energy efficiency measures at its own cost in exchange for part of the resulting energy cost savings.

§ 19 — EFFICIENCY IN POORER TOWNS

Under the bill, DEEP must require the Energy Conservation Management Board (ECMB), the Clean Energy Fund Board, and electric companies to establish a financial assistance program for energy conservation and load management projects for customers in municipalities with enterprise zones. The program must provide

funding at a level equal to at least 3% of the total collected for (1) the Energy Conservation and Load Management Fund and (2) the Clean Energy Fund. This money must be derived initially from funds made available to the state under the federal American Recovery and Reinvestment Act of 2009 and then from the state funds. The money must be used for programs directly benefiting residential or small business electric customers in municipalities with enterprise zones.

The program must include a job training component for existing or potential minority business enterprises. DEEP must report to the Energy and Technology Committee on the program by February 1 annually.

There are currently 17 municipalities with enterprise zones: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

§ 20 — PRODUCT ENERGY EFFICIENCY STANDARDS

General Provisions

By law, OPM must adopt regulations implementing statutory energy efficiency standards. Under current law, the regulations must establish energy efficiency standards for products not covered by the statutes if it determines that (1) such standards would promote energy conservation in the state, (2) they would be cost-effective for consumers who purchase and use the new products, and (3) multiple products are available that meet such standards. These standards may not become effective until one year after OPM adopts them. The bill transfers these responsibilities to DEEP.

The bill requires DEEP, in consultation with the Multi-State Appliance Standards Collaborative, to identify additional appliance and equipment efficiency standards. Within six months after a cooperative member state adopts an efficiency standard for a product that is not subject to an equivalent Connecticut or federal standard, DEEP must adopt regulations adopting the efficiency standard unless

it specifically finds that the standard does not meet the three criteria listed above. The collaborative includes California, New York, Oregon, Rhode Island, and Washington as well as Connecticut.

Standards for Consumer Electronics

The bill establishes energy efficiency standards for compact audio players, televisions, and DVD players and recorders. The standards go into effect January 1, 2014.

Under the bill, starting January 1, 2014, compact audio players, DVD players, and DVD recorders must meet the requirements shown in the November 2009 California Code of Regulations. As of the same date, televisions manufactured on or after July 1, 2010 must meet the requirements shown in Table V-2 of the regulations. In addition, televisions manufactured on or after January 1, 2014, must meet the efficiency requirements of Sections 1605.3 of the regulations.

Under current law and the bill, energy efficiency standards do not apply to (1) new products manufactured in the state and sold elsewhere, (2) new products manufactured outside the state and sold at wholesale here for final retail sale and installation outside the state, (3) products installed in mobile manufactured homes at the time of construction, or (4) products designed expressly for installation and use in recreational vehicles.

§ 21 — COMBINED HEAT AND POWER PROGRAMS

Current law required DPUC to establish a financial assistance program for various types of distributed resources located on the premises of electric company customers. These resources include various types of electric generation with a capacity of up to 65 megawatts (MW) as well as efficiency and load management measures. Under the current program, electric customers receive capital grants and other benefits, and the electric companies are rewarded for promoting the program. DPUC is no longer taking applications for grants.

The bill instead requires DEEP to establish two programs to provide

financial assistance for combined heat and power (CHP) also called cogeneration. The bill first requires DEEP to establish a program by January 1, 2012 to promote the development of new CHP projects through low-interest loans, grants, or power purchase agreements.

The program's goals are to minimize costs to ratepayers as a whole, ensure that the project developer bears a significant share of the financial burden and risk, and ensure the development of projects that benefit Connecticut's economy, ratepayers, or environment. DEEP must determine (1) the amount of financial assistance on a per-project basis and (2) if a project's benefits to Connecticut's ratepayers, economy, or environment are sufficient to justify ratepayer investment.

The program cannot fund more than a total of 250 MW. DEEP must review the program annually. If it determines during an annual review that the program's net cost to ratepayers exceeds $25 million, it may not approve additional projects that require ratepayer subsidies (it is not clear whether this cap is annual or cumulative). In reviewing the program's net cost to ratepayers, DEEP must consider (1) the benefits of any power purchase agreements for ratepayers; (2) any estimated benefits of avoiding the cost of building alternative electric infrastructure or other benefits; and (3) the costs of all ratepayer subsidies, the cost of power purchase agreements, and other costs.

The bill requires DEEP to establish a similar program by March 1, 2012 for CHP projects that are 3 MW or smaller. DEEP must set one or more standardized grant amounts, loan amounts, and power purchase agreements for these projects to limit the administrative burden of project approvals for DEEP and applicants. The standardized provisions must seek to minimize costs for ratepayers; ensure that the project developer has a significant share of the financial burden and risk; and ensure the development of projects that benefit Connecticut's economy, ratepayers, or environment. DEEP may decline to support a proposed project whose benefits to ratepayers, the economy, or the environment, including emissions reductions, are insufficient to justify ratepayer or taxpayer investment. (The latter consideration does not

appear to apply since bill does not authorize any taxpayer incentives for this program.)

The second program may not fund more than an aggregate of 50 MW. DEEP must review it annually, and if it determines during a review that the net cost to ratepayers exceeds $15 million, it cannot approve additional projects requiring ratepayer subsidies. DEEP must take into account the same costs and benefits as under the first program.

§§ 22 AND 23 — TIME-OF-USE RATES AND METERS

The bill requires suppliers, as a condition of maintaining their licenses, to offer a time-of-use rate that reduces rates for nonpeak use and charges at least five times the non-peak rate for peak use. The peak period must be no more than four hours per day. The supplier can also offer other time-of-use rates.

Under the bill, DEEP must order each electric company to notify its customers on an on-going basis of the availability of time-of-use meters, if applicable.

§ 24 — SOLAR FUNDING CAP

The bill establishes several solar programs (see below) and a phased-in funding cap for them. From January 1, 2012 to June 30, 2014, the aggregate net annual cost recovered from electric company ratepayers can not exceed 0.5% of each company's total retail electricity sales revenues. Between July 1, 2014 and June 30, 2016, the cap is 0.75% of these revenues, and for each 12-month period starting July 1, 2016 for the duration of the programs, the cap is 1% of these revenues. DEEP must net out the incentives paid by the Clean Energy Fund for solar deployment programs against these caps.

If DEEP projects that the annual cost cap is within 20% of being exceeded, it must report to the Energy and Technology Committee. To ensure that the cap is not exceeded, DEEP must take various steps, including (1) delaying or modifying electric companies' development of solar electric generating facilities, (2) temporarily suspending

production-based incentives under the tariff for utility-scale projects for customers not already eligible to receive them, and (3) extending the scheduled electric company plans for procuring solar renewable energy credits (RECs) from customers (see below). If the DEEP determines that these measures are required, it must reduce proportionally the annual funding for the affected programs but only to the extent required to bring projected annual costs below the cost cap.

By January 1, 2015, DEEP must report to the Energy and Technology Committee on the cost and charges involved in implementing this program (apparently all of the programs subject to the cap), including a cost-benefit analysis.

§ 25 — RESIDENTIAL SOLAR PROGRAM

Under the bill, the Clean Energy Fund board must implement a residential photovoltaic (PV) solar program which must result in at least 30 megawatts of new PV generating capacity being installed in the state by December 31, 2022.

Funding

Funding for these incentives must come from using up to one-third of the annual revenue from the renewable energy surcharge on electric bills, plus any federal funding that becomes available. The amount of energy produced by systems funded under these provisions counts towards the electric companies' renewable portfolio standard (RPS), which requires that they get part of their power from renewable resources.

Incentives

Under the bill, the Clean Energy Fund board must offer direct financial incentives for the purchase or lease of qualifying residential PV systems. Under the bill, residential buildings are those that have one to four units. The incentive can be paid out on either a per kilowatt-hour basis or as a one-time upfront incentive based on expected system performance. When determining the type and

amount of incentive to provide, the board must consider (1) verified solar system characteristics such as operational efficiency, size, location, shading, and orientation and (2) willingness-to-pay studies.

Program Plan

By law, the board must develop a biennial comprehensive plan. Under the bill, starting with the FY 12/FY 13 plan, each plan must contain a proposed schedule for offering the incentives over the duration of the program. The schedule must:

1. provide for "blocks" that result in a total of 30 MW of residential PV capacity and projected incentive levels for each block;

2. provide incentives that are sufficient to meet the residential consumers' reasonable payback expectations, considering the estimated cost of installations, the value of the energy offset by the system and the availability and estimated value of other incentives, such as federal and state tax incentives and revenues from the sale of solar RECs;

3. provide incentives that decline over time to help foster the development of a state-based solar industry;

4. automatically move to the next block once the fund has committed the resources for a block; and

5. provide comparable incentives to buy or lease qualifying systems.

The board may retain a consultant with expertise in solar energy program design to help develop the incentive schedules, which DEEP must review and approve. The board can modify the approved schedule before it issues its next plan to account for changes in state or federal law or regulation or developments in the solar market that could affect the expected return on investment of a typical residential PV system by 20% or more.

The board must post on its website the incentives schedule,

available funding, incentive estimators, and solar capacity remaining in the current block. It must establish and periodically update program guidelines, including (1) eligibility criteria, (2) standards for installing energy efficient equipment or building practices as a condition of receiving program funding, (3) procedures to ensure that reservations are made and incentives paid to PV systems that are very likely to be installed and operated as indicated in the funding application, and (4) reasonable protocols for measuring and verifying energy production.

Training and Development

The board must identify barriers to developing a permanent Connecticut-based solar workforce and provide for comprehensive training, accreditation, and certification programs through institutions and individuals accredited and certified to national standards.

Report

Biennially, beginning January 1, 2014 through the program's duration, the board must report to the Energy and Technology Committee on progress toward the 30 MW goal.

§§ 26 AND 27 — LARGE SCALE PV PROGRAM

Electric Company Solicitation Plan

Starting January 1, 2012 and ending December 31, 2022, each electric company must solicit and file with DEEP, for its approval, one or more long-term (at least 15 years) power purchase contracts with owners or developers of customer-sited PV generation projects located in the state of less than 2,000 kilowatts (2 MW) capacity. These systems must be located on the customer side of the meter and serve the electric company's distribution system. Developers cannot participate in this program and the feed-in tariff program described below.

A company's solicitations must be for the purchase of solar RECs produced by eligible projects. (Owners of renewable generation facilities can sell the power they produce on the wholesale electric market as "green power" or they can sell the RECs associated with this power separately from the power.) The electric company may solicit

proposals for a combination of renewable energy and associated solar RECs.

The electric companies must procure a total of at least 4.35 million solar RECs. Producing one megawatt hour of electricity from a solar energy source placed in service on or after July 1, 2011 creates one solar REC. The obligation to purchase credits must be apportioned to the companies based on their respective loads at the start of the procurement period, as determined by DEEP. These credits count against the companies' obligations under the RPS. A credit is in effect the year it is created and the following calendar year. Electric companies are not required to enter into a contract that provides a payment of more than $350 per megawatt hour over the term of the contract.

The bill requires each electric company, by January 1, 2012, to propose a five-year solar solicitation plan that includes a timetable and methodology for soliciting proposals for long-term solar RECs or energy contracts that will end in 2022 from in-state generators. The approved plan must be designed to foster a diversity of solar project sizes and participation among all eligible customer classes, subject to cost-effectiveness considerations. DEEP must review and approve the solicitation plan.

Approval of Procurement Plans

The companies must conduct separate procurement processes for (1) systems up to 50 kilowatts (a typical residential PV system is five to 10 kilowatts), (2) systems between 50 and 200 kilowatts, and (3) systems between 200 and 2,000 kilowatts. DEEP must give preference to competitive bidding for resources above 50 kilowatts, unless it determines that an alternative methodology is in the best interest of electric customers and the development of a competitive and self-sustaining solar market. Systems up to 50 kilowatts can receive a solar REC price equal to the weighted average accepted bid price in the most recent solicitation for systems of between 50 and 200 kilowatts, plus an additional 10%.

The offer price must remain in effect at least until the electric company meets its procurement requirements under the residential program described above. Once the offer price is closed, the owner or holder of a solar REC may bid on outstanding or future credits in a competitive solicitation conducted by the electric company. Each electric company must execute its approved solicitation plan.

Each company must submit for its preferred solar procurement plan to DEEP for its review and approval. The procurement plans must consist of proposed contracts with independent solar developers. Each company must submit contracts comprising at least 25% of its obligation by January 1, 2013, at least 50% by July 1, 2015, and at least 75% by July 1, 2017. DEEP must hold a hearing in an uncontested case to approve, reject, or modify an application for approval.

DEEP may approve the plan only if it finds that (1) the company conducted the solicitation and evaluation by a fair, open, competitive, and transparent process; (2) approval of the plan would provide the greatest expected ratepayer value from solar energy or solar RECs at the lowest reasonable cost; and (3) the procurement plan satisfies other criteria established in the approved solicitation plan. DEEP may not approve any proposal made under the procurement plan unless it determines that (1) the plan and proposals encompass all foreseeable sources of revenue or benefits and (2) the proposals, together with such revenue or benefits, would result in the greatest expected ratepayer value from solar energy or solar RECs.

If DEEP has not received proposed contracts for the required amount of capacity by the deadlines noted above, it must notify the electric company of the shortfall. If the electric company asks, DEEP may grant it an extension of up to 90 days to correct this deficiency. If there is no extension, the electric company must pay a noncompliance fee of $500 for each solar REC shortfall in the first year of the procurement, with the per credit fee declining by 7% annually over the life of the 10-year solicitation plan. The electric company must collect noncompliance fees, keep them in a separate interest-bearing account,

and disburse them to DEEP quarterly. DEEP must use this money to support the deployment of PV generating systems installed in the state, giving priority underserved market segments, such as low-income housing, schools and other public buildings, and nonprofit organizations.

Consultant

DEEP may retain an independent consultant with energy procurement expertise who is unaffiliated with any electric company or its affiliates. It must not have benefited directly or indirectly from employment or contracts with the company or its affiliates in the preceding five years, except as an independent consultant. For purposes of an audit, the electric company must give the consultant immediate and continuing access to all documents and data it reviewed, used, or produced in its bid solicitation and evaluation process. The company must make all the personnel, agents, and contractors it used in the bid solicitation and evaluation available for the consultant to interview. It must conduct any additional modeling requested by the independent auditor (apparently, the consultant) to test the assumptions and results of the bid evaluation process. The consultant may not participate in or advise the company with respect to any decisions in the bid solicitation or bid evaluation process.

Retirement or Resale of Solar RECs

The electric companies can retire the solar RECs they procure and count them against their RPS obligations.

The electric companies can resell or otherwise dispose of the energy or solar RECs they purchase, but they must net the cost of payments made to projects under the contracts against the proceeds of the sale of energy or solar RECs. The difference must be credited or charged to their customers through a reconciling component of electric rates as determined by DEEP.

Cost Recovery

DEEP's administrative costs in reviewing the procurement plan and

the costs of the consultant must be recovered through a reconciling component of electric rates as determined by DEEP. The electric company is entitled to recover its reasonable costs of complying with its approved solar procurement plan through the same type of mechanism.

Report

Within 60 days after DEEP approves the procurement plans submitted by January 1, 2013, it must report to the Energy and Technology Committee. The report must document, for each procurement plan: (1) the total number of solar RECs bid relative to the number of credits the electric company requested, (2) the total number of bidders in each market segment, (3) the number of contracts awarded, and (4) the total weighted average price of the solar RECs or energy purchased. DEEP must not report individual bid or other proprietary information.

§ 28 — PVS ON STATE FACILITIES

The bill requires DEEP, by July 1, 2012, to complete, or have private vendors complete, a comprehensive solar feasibility survey of state-owned or -operated facilities with a load of 50 kilowatts or more. DEEP must do this in consultation with OPM and the Department of Public Works, within available funding. The survey must rank state-owned or -operated facilities based on their technical feasibility to accommodate PV generating systems by considering such factors as:

1. on-site energy consumption;
2. building orientation;
3. roof age and condition;
4. shading and the potential for obstruction to sunlight over the life of the solar energy system;
5. structural load capacity;
6. availability of ancillary facilities, such as parking lots, walkways,

or maintenance areas;

7. non-energy related amenities; and

8. other factors that DEEP believes may affect the projects' technical feasibility.

DEEP must, within available funding, to issue one or more requests for proposals for deploying PV systems at state-owned or -operated facilities. The RFP must be structured to maximize the state's ability to secure federal or other incentives. DEEP may seek in any RFP the services of an entity to finance, design, construct, own, or maintain PV systems under a long-term solar services agreement. Any entity chosen to provide these services is not considered a public utility subject to DEEP jurisdiction.

§ 29 — FEED-IN TARIFF

The bill requires each electric company, by July 1, 2012, to file with DEEP for its approval, a tariff for production-based payments to owners or operators of in-state, grid-connected solar projects that are one megawatt or larger. Such feed-in tariffs specify the amount a customer who has generating resources will be paid for the power it sells to an electric company.

The tariffs must provide production-based payments for at least 15 years from the project's in-service date. Under the tariff, the project owner receives a cost-based price that DEEP determines. The price consists of the full amount it cost an electric company to construct and operate a solar renewable energy source between one and 7.5 MW. In calculating the tariff, DEEP must consider actual cost data for solar energy sources built and operated by an electric company under the bill, taking into consideration all available state and federal incentives.

The tariffs must include a per-project eligibility cap of 7.5 MWs and an aggregate eligibility cap of 50 MWs, apportioned among each electric company in proportion to its distribution load. The costs of the tariff can be included in any subsequent rates, so long as they are for

projects that begin operating on or after July 1, 2010. These costs must be recovered through a reconciling component of electric rates as determined by DEEP.

Starting July 1, 2012, electric companies may build, own, and operate solar electric generating facilities up to one-third of their proportional share of the 50 MW cap. Such development must be phased in over at least three years. These projects must be located on brownfields or other locations in municipalities with enterprise zones. DEEP must authorize the electric company, in a contested case, to recover in rates its costs to construct, own, and operate the facilities, including a return on its investment capped at 8%. DEEP can do this only if (1) the approval would result in a reasonable cost of meeting the solar energy requirements described above; (2) investment will not restrict competition or growth in the state's solar energy industry; and (3) the investment will not unfairly use the company's financial, marketing, distributing, or generating advantage due to its status as a utility in a way that would restrict competition in the market for solar energy systems.

The amount of renewable energy produced from energy sources receiving tariff payments or included in utility rates counts against the electric company's RPS.

By September 1, 2013, DEEP, in consultation with the Office of Consumer Counsel and the Clean Energy Fund board, must study the operation of the tariffs and report its findings and recommendations to the Energy and Technology Committee.

DEEP must suspend the tariff (1) when an electric company's share of the 50 MW cap is reached or (2) three years from the tariff's effective date, whichever is earlier.

§ 30 — SOLAR THERMAL TECHNOLOGIES

The bill requires DEEP, in consultation with the Clean Energy and Energy Efficiency funds to develop coordinated programs to create a self-sustaining market for solar thermal systems for electricity, natural

gas, and fuel oil customers.

§ 31 — ADDED INCENTIVES FOR USING CONNECTICUT COMPONENTS

The bill requires DEEP to increase the incentive provided under the residential solar and solar thermal programs by up to 5% if the solar system uses major components that are manufactured or assembled in Connecticut, and another 5% if they are manufactured or assembled in a distressed municipality in the state or a municipality with an enterprise zone.

§ 32 — FEED-IN TARIFF FOR RENEWABLE RESOURCES

By January 1, 2012, DEEP must initiate a proceeding to establish a feed-in tariff that declines over time for wind, fuel cells, biomass, and geothermal resources, energy efficiency projects, and other renewable resources. DEEP must then establish parameters for the tariff, including a requirement that it not be funded by ratepayers. Annually beginning January 1, 2012, DEEP must report to the Energy and Technology Committee on the tariff.

§ 33 — CONDOMINIUM PROGRAM

The bill allows the Clean Energy Fund board, in consultation with DEEP, to establish a program within available funds to provide grants to residential condominium associations and owners to buy renewable energy sources, including solar energy, geothermal, and fuel cell or other hydrogen-fueled systems.

§ 34 — ANAEROBIC DIGESTER PROGRAM

The bill requires DEEP to establish a pilot program to promote the use of agricultural waste in anaerobic digestion facilities to generate electricity and heat, supported through loans, grants, or power purchase agreements. The program can include up to five projects each of which can generate up to 5 MW. DEEP must report annually on the program to the Energy and Technology, beginning January 1, 2012.

§ 35 — LOW-INCOME RATE DISCOUNTS

The bill requires DEEP to conduct a proceeding, by June 30, 2012, to

develop discounted rates for electric company customers whose household income is up to 60% of the median (apparently the state median). The proceeding must at least review the current and future availability of rate discounts, for individuals who receive state or federal means-tested assistance, through (1) discounts through the electricity purchasing pool authorized to operate under current law; (2) Connecticut Energy Assistance Program benefits; (3) assistance funded or administered by the Department of Social Services, DEEP, or other agencies; (4) conservation programs assistance; or (5) matching payment program benefits to help electric company customers pay off their arrearages. The proceeding must also analyze the costs of barring utilities from terminating service in households with children age two or younger.

DEEP must (1) coordinate resources and programs, to the extent practicable; (2) develop rates that take into account the indigency of poor people and allow impoverished households to meet the costs of essential energy needs; (3) encourage the households to agree to have a home energy audit as a prerequisite to qualification; and (4) analyze the benefits and anticipated costs of the discounted rates.

DEEP must determine which, if any, of its programs should be terminated, modified, or have their funding reduced because program recipients would benefit more from a low-income rate. It must establish a rate cost that is equal to the anticipated funds transferred from the programs it terminates, modifies, or reduces. DEEP may issue recommendations regarding programs administered by the Department of Social Services.

DEEP must (1) order each electric company to file proposed rates consistent with its decision within 60 days after issuing the decision and (2) make appropriate modifications to existing low-income programs. Each company must conduct outreach to make its discounted rates available to eligible customers and report to DEEP at least annually regarding these activities and their results.

The cost of discounted rates and related outreach activities must be

paid (1) from normal rate-making procedures and (2) on a semi-annual basis through the systems benefits charge. They must be funded solely from the savings from the programs that DEEP terminates or reduces plus the reduced cost of providing service to those eligible for the discounted or low-income rates, any available energy assistance and other sources of coverage for such rates, such as generation available through the electricity purchasing pool operated by DEEP.

By July 1, 2013, DEEP must report to the Energy and Technology Committee on the benefits and costs of the discounted rates and any recommended modifications. If the low-income rate is not at least 10% below the standard service rate, DEEP must include steps to reach this goal in the report.

§ 36 — ELECTRIC SUPPLIER CODE OF CONDUCT

Sales Solicitations

The bill imposes rules governing sales and solicitations of generation services to customers having a demand of up to 100 kilowatts by a supplier, aggregator, or its agent. It covers solicitation and sales conducted and consummated entirely by mail; door-to-door sale; telephone or other electronic means; during a scheduled appointment at the premises of a customer; or at a fair, trade or business show, convention, or exposition. These sales must be conducted (1) in accordance with any municipal ordinances regarding door-to-door solicitations, (2) between 10 a.m. and 6 p.m., and (3) with both Spanish and English written materials available. Representatives of a supplier, aggregator, or agent must prominently display or wear a photo identification badge stating the name of their employer or the electric supplier they represent. Each supplier, aggregator, or agent must conduct a criminal background check on each salesperson.

The bill requires that any third-party agent who contracts with or is otherwise compensated by a supplier to sell electric generation services be the supplier's legal agent. Agents may not sell generation services for a supplier unless the agent is an employee or contractor of the supplier and has received appropriate training directly from the

supplier.

Any sale or solicitation, including from any person representing the supplier, aggregator, or agent must (1) identify the salesperson and the generation services company or companies he or she represents; (2) include a statement that they do not represent an electric company; and (3) explain the purpose of the solicitation and all rates, fees, variable charges, and terms and conditions for the services provided. No entity, including an aggregator or agent of a supplier or aggregator, who sells or offers for sale any electric generation services for or on behalf of a supplier, may engage in any deceptive acts or practices in the marketing, sale, or solicitation of these services.

The bill extends to aggregators and to agents of suppliers and aggregators the existing law that prohibits a supplier from advertising or disclosing the price of electricity in a way that would mislead a reasonable person into believing that the electric generation services portion of the bill will be the person's total electric bill. When advertising or disclosing the price for electricity, the supplier must disclose the electric company's current charges, including the competitive transition assessment and the systems benefits charge, for that customer class. Finally, suppliers must comply with the federal telemarketing law, which among other things restricts when they can call.

Required Disclosures

The bill requires each supplier to disclose to DEEP in a standardized format (1) the amount of additional renewable energy credits such supplier will purchase beyond required credits, i.e., those required under the RPS; (2) from where the additional credits are derived; and (3) the types of renewable energy sources that will be purchased. Each supplier may advertise only renewable energy credits purchased beyond those required under the RPS and must report to DEEP the renewable energy sources of such credits and whenever the mix of these sources changes.

Generation Services Contracts

The bill requires each supplier to provide customers with a demand of less than 100 kilowatts with a written contract. Each contract for generation services must contain all material terms of the agreement; a clear and conspicuous statement explaining the rates that the customer will pay, including the circumstances under which the rates may change; how those rates compare with the customer's current electric generation services costs; and how long those rates are guaranteed. The contract must also include a clear and conspicuous statement of the customer's right to cancel the contract within three days of signing it or receiving the supplier's written confirmation, describing (1) under what circumstances, if any, the supplier may terminate the contract and (2) any early termination penalty. Each contract must be signed by the customer.

Confirming Service Requests

Under current law, a supplier cannot begin serving a customer until he or she signs a service contract or agrees through one of four mechanisms to receive the service. These include the customer signing a document fully explaining the nature and effect of the initiation of the service. The bill instead requires the customer to sign a contract that meets the bill's requirements. It retains the other three options.

Right of Rescission

Under current law, customers with demand up to 500 kilowatts can cancel a contract with a supplier within three business days of entering into it. The bill gives the customer until three business days after (1) this date or (2) when the customer receives the supplier's written contract, whichever is later.

Changes to Contracts

Under the bill, a supplier may not make a material change in the terms or duration of any contract without the customer's express consent. But, a supplier may renew a contract by clearly informing the customer in writing, 30 to 60 days before the renewal date, of the renewal terms and of the option not to accept the renewal offer. The supplier may not charge a residential customer a termination or early

cancellation fee if the customer terminates or cancels the renewal within seven business days after receiving the first billing statement for the renewed contract.

Termination Fees

The bill bars suppliers from charging a residential customer a fee for termination or early cancellation of a contract of more than (1) $100 or (2) twice the estimated bill for energy services for an average month, whichever is less. The supplier must provide a residential customer an estimate of the customer's average monthly bill when it offers a contract.

Recordkeeping

The bill requires suppliers to maintain records of signed service contracts or consents for at least two years from the contract's expiration date. The supplier must provide the records to DEEP or the customer on request.

Penalties for Violations

By law, a violation of the consumer protection provisions of the laws governing suppliers and aggregators is an unfair trade practice. The bill extends this penalty to the protections it adds. It makes contracts void and unenforceable if that DEEP finds they resulted from unfair or deceptive marketing practices or violations of the bill's consumer protection provisions.

In addition, the bill allows DEEP to impose the following sanctions for any violation or failure to comply with existing law or the bill's provisions: (1) civil penalties of up to $10,000; (2) suspension or revocation of a supplier's or aggregator's license; or (3) a prohibition, following a contested case hearing, on accepting new customers.

The bill allows DEEP to adopt regulations on abusive switching practices, solicitations, and renewals by electric suppliers, among other things.

Under the bill, any contract for electric generation services (1) that

the Bureau of Public Utility Control finds to be the product of unfair or deceptive marketing practices or (2) that violates current law or the bill is void and unenforceable. Any waiver of these provisions by a customer is void and unenforceable by the supplier.

§ 37 — BILLING

Direct Billing by Suppliers

Under current law, competitive suppliers can provide billing and collection services for their customers with at least 100 kilowatts of demand. The bill requires suppliers, starting October 1, 2011, to provide these services or obtain these services from the electric company, paying their pro rata share of these costs. A customer who is directly billed by a supplier, who paid the electric company the cost of billing and other services, must receive a credit on his or her monthly bill.

By law, DPUC was required to adopt regulations specifying the billing format for electric companies and suppliers that directly bill their customers. The regulations had to provide guidelines for determining the billing relationship between the companies and suppliers, addressing such things as allocation of partial bill payments. The bill terminates these guidelines as of October 1, 2011.

Electric Company Bills

Under current law, bills must include a statement about the availability of a program, described above, under which electric companies provide information about competitive suppliers at certain times. The bill limits this provision, as it applies to electric company bills, to customers with demand of 500 kilowatts or less over the preceding 12 months.

The bill eliminates the requirement that electric company bills indicate the generation service charge (the retail cost of power) for those customers who buy their power from suppliers (whether or not their supplier bills them directly).

Competitive Suppliers' Bills

The bill modifies the billing information a supplier that chooses to provide billing and collection services to its customers must provide. It eliminates requirements that such bills include the:

1. distribution charge, including all applicable taxes,
2. systems benefits charge,
3. transmission rate as adjusted by law,
4. competitive transition assessment, and
5. conservation and renewable energy charges.

By law, these charges and rates are the same for all customers, whether they buy power from the electric company or supplier, and appear on electric company bills.

Under current law, the bill must show the customer's rate and usage for the current month and each of the last 12 months in the form of a bar graph or other visual format, unless the customer is subject to a demand charge. The bill eliminates this exception.

§§ 38 AND 41 — WEATHERIZATION PROGRAM ADMINISTRATION

The bill transfers, from the Department of Social Services to DEEP, responsibility for the weatherization assistance program.

§ 39 — CONVERTING ELECTRIC HEATING SYSTEMS TO GAS

The bill requires DEEP, by October 1, 2011, to establish a program to allow a gas company to finance the conversion of residential electric heating systems to natural gas. DEEP must adopt implementing regulations and report annually to the Energy and Technology Committee, beginning January 1, 2012.

§ 42 — FURNACE PROGRAM

The bill requires DEEP to establish a pilot program to provide financial incentives to install energy efficient heating systems. It must begin accepting applications by December 31, 2011 for incentives for

installing more efficient fuel oil and natural gas boilers and furnaces to replace existing boilers or furnaces that are at least seven years old with an efficiency rating of no more than 75%. A qualifying replacement fuel oil furnace or boiler must have an efficiency rating of at least 86% and the boiler must have a thermal purge or temperature reset controls. A qualifying natural gas boiler must have an annual fuel utilization efficiency rating of at least 90% and a qualifying natural gas furnace must have an annual fuel utilization efficiency rating of at least 95%.

DEEP must review the current market conditions for such systems and equipment upgrades, including any existing federal or state financial incentives, and establish the appropriate financial incentives to encourage the upgrades. Financial incentives must provide private financial institutions with loan loss protection or grants to lower borrowing costs. If DEEP determines that it is necessary, the program can also provide grants to the lender to lower borrowing costs and allow for a 10-year loan. The financial incentive package must ensure that the consumer's annual loan payment is no more than the projected annual energy savings less $100. Any loan provided as a financial incentive under these provisions must include the cost of any related incentives, as determined by DEEP. DEEP must arrange with an electric or gas company to provide for paying a loan made under the program through the borrower's monthly bill, as applicable.

DEEP must develop a one-page loan application for the program.

Eligible Costs

In addition to the costs of the system, the incentives can cover installation, labor, engineering costs, permits, application fees, and other reasonable costs incurred by eligible entities for operating eligible technologies.

Borrower Requirements

Eligible entities seeking a loan must (1) contract with Connecticut-based licensed contractors, installers, or tradespersons to install

eligible in-state energy savings technologies; (2) provide evidence of the cost of purchasing and installing the eligible technology; and (3) periodically provide evidence of the technology's operation and functionality to ensure that it is operating as intended during the loan term.

Report

By June 30, 2014, DEEP must evaluate the program's efficacy. By October 1, 2014, it must report to Energy and Technology Committee on the program, the amount of public funding, the energy savings from the technologies installed, and any recommendations for changes to the program. The recommendations can include incentives that encourage consumers to install more efficient fuel oil and natural gas boilers and furnaces before their current heating system fails or becomes grossly inefficient.

§ 44 — EFFICIENCY IN STATE AGENCIES

The bill requires each state agency to develop a plan to reduce its energy use by at least 10% and submit its plan to OPM by October 1, 2011. By October 1, 2012, and annually thereafter, each agency must report to the Energy and Technology Committee on the plan and its implementation.

§ 45 — DEEP OFFICE OF ENERGY EFFICIENT BUSINESSES

The bill creates an Office of Energy Efficient Businesses within DEEP and requires it to provide in-state businesses (1) a single point of contact for any state business interested in energy efficiency, renewable energy, or conservation projects; (2) information on loans and grants for energy efficiency, renewable energy projects, and conservation; (3) audit and assessment services, including outreach to businesses by qualified entities; and (4) any other service the office considers relevant.

BACKGROUND

Jurisdiction Over the Wholesale Electric Market

With the exception of entities such as the Tennessee Valley

Authority, the Federal Energy Regulatory Commission (FERC) has exclusive jurisdiction over the interstate wholesale electric market. FERC approved the creation of ISO-New England and the rules under which it operates, including Market Rule 1.

While the § 14 of the bill contemplates Connecticut leaving ISO-New England, the state is not a member. Rather ISO-New England consists of wholesale market participants such as electric companies, generators, and power marketers.

Related Bill

HB 6386, An Act Establishing the Department of Energy and Environmental Protection, favorably reported by the Environment Committee, also creates DEEP by merging DPUC and DEP. There are several differences between the bills, notably that under HB 6386, DEEP has four rather than three bureaus.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 17 Nay 5 (03/22/2011)